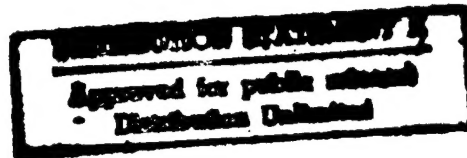


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JPRS 82152

3 November 1982



# China Report

ECONOMIC AFFAIRS

No. 279



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## NATIONAL POLICY AND ISSUES

### 'JINGJI YANJIU' ON DEVELOPING PRC AGRICULTURE

HK261136 Beijing JINGJI YANJIU in Chinese No 9, 20 Sep 82 pp 10-15

[Article by Yu Dechang [1672 1795 2490] of the Agricultural Economics Research Bureau of the Chinese Academy of Social Sciences: "On Comprehensive Development, Utilization and Management in China's Agriculture"]

[Text] I. Comprehensive Development, Utilization and Management Are the Objective Demands in Agricultural Development

Following the progress of science and technology and the accumulation of experiences, people have continuously deepened and expanded the scope of their understanding of the work of comprehensive development, utilization and management of agriculture. This has helped to create increasingly more material wealth for mankind. It is the general trend of the historical development of agriculture and, objectively speaking, represents an inevitable development.

First, this trend constitutes an objective demand concerning agricultural natural resources as an integrated whole. The production activities of mankind all take place in a defined natural environment and are aimed at the development and utilization of definite natural resources. Marx said: "In production, mankind performs a role similar to that of nature itself, that is to say, changing the form of substances. Not only that, but also in changing the form of the substances it has to rely on help from the natural forces." (Marx: "Das Kapital," vol 1, 1975 edition, p 56). In undertaking agricultural production, mankind must necessarily be controlled and influenced by the law of living things themselves and by natural environment. Moreover, the natural resources of agriculture (including land, living things, water and climate) constitute an organic whole and their functions are correlated to and influence each other. Take water resources for example: generally speaking, the quantity of water from the atmosphere is substantially equivalent to the quantity of the water runoff on the earth's surface. But because of differences in topography, quality of soil, and planting conditions the volume of water from rainfall, when it reaches the earth's surface, is redistributed and results in flood and waterloggings, drought and dry spells in different localities. Not only do the natural resources of agriculture as a whole constitute a composite body related to each other and hold each other in check, but the different components of agricultural resources themselves also separately constitute a natural composite body. For example, plant resources are formed by

definite water, heat and soil conditions. A change in any one of the components will correspondingly bring about changes in the other factors. Again, for example, changes in forestry and planting conditions bring about changes in the conditions of the atmosphere and soil. These special features of agricultural resources require mankind to undertake comprehensive development and utilization, otherwise not only will there be a waste of resources but also a breakup of the natural resources and an ecological imbalance may result. This point has been clearly testified in the history of agricultural development of many countries, including our own country. Because mankind undertakes development work blindly and damages the ecological balance, at present natural disasters have become increasingly frequent in the world and in our country. This is indeed a very painful lesson. On the other hand, whenever mankind can learn from this lesson and undertake comprehensive development and utilization, then not only will agricultural resources be rationally utilized but also the power to resist natural disasters on the part of agricultural production will be immensely strengthened and stability in agricultural production will be heightened.

Second, this trend is also an objective demand for improving and protecting mankind's conditions for existing. In order to exist, mankind demands many and various means of livelihood. Not only is grain needed for food but also meat, milk, eggs, fish, vegetables, melons and fruits are consumed as food. And mankind wears not only cotton clothing but also furs, wool and other kinds of clothing made of such fabrics as silk, or hemp, or flax. In order to meet mankind's various demands, it is necessary to develop diversified kinds of agricultural production and undertake the comprehensive development, utilization and management of agriculture, and thus continuously improve mankind's living conditions. Unfortunately, at the moment, mankind's living conditions have been deteriorating. One of the reasons for this is: In the development and utilization of agricultural resources, mankind has violated the principle of "exchange unequal quantity in the world of nature" and has slighted the special feature of the diversified uses and varied forms of natural resources. In nature, materials which foster development and growth are used in a cycle. They are never created or completely destroyed. For example, the growth of vegetation uses a portion of the material elements and at the same time gives back a certain portion of material elements. In a given period of time, the using and giving of material elements balance each other. If this balance is violated, then the normal growth of vegetation cannot be sustained. Hence, we must constantly apply fertilizer to cultivated land so that the soil may maintain a certain fertility. Similarly, after the drawing or pumping out of underground water, time must be allowed for replenishment of the water supply; otherwise the underground water source will be exhausted. Deforestation must be swiftly followed up with afforestation and there must be no overloading of the grasslands through animal husbandry. Unfortunately, in mankind's production activities, these principles have been violated for a long time and there has been only taking and no giving, or too much taking and too little giving. Predatory measures of this kind have caused serious destruction of the natural resources. The resulting deterioration of the entire ecosystem may in the end endanger mankind's existence. Natural resources have many uses. They frequently have several attributes and are good for many purposes. Take forests for example: In the past, their use was mainly confined to timber

production. But now it is known that forests have vastly more and important usages to mankind, such as: They can condition and regulate temperature and purify the environment; they can serve as a protecting screen against winds and sandstorms; they prevent soil erosion and the needless runoff of water; they serve as the natural reservoir of material resources; and they maintain and protect the ecological environment. Timber production occupies but a secondary place among their diversified functions. However, for a prolonged time, we have reversed their primary and secondary functions and in this way have caused serious consequences. At the same time, all natural resources possess special features that are vastly diverse in character. Resources belonging to the same category may, because of their different composition, differ from each other in character. There are various types of soil, various categories of weather belts, and millions of living things and vegetation, each of which has its own special characteristics. If we neglect these special characteristics in the development and utilization of resources, then we are liable to cause waste and destruction. Once these special points are realized, then in undertaking comprehensive development and utilization the above-mentioned evils will be avoided and mankind will benefit. For example, when undertaking the treatment of saline alkali soil, Yucheng County of Shandong Province combined afforestation with improvement of the soil and achieved notable results. It is estimated that comparing forested areas with unforested areas, in the former, wind velocity is lower by 2.5 to 3.75 percent; the temperature is lower by 0.7 to 0.9 percent in warm weather; humidity is higher by 5 to 15 percent; the evaporation rate is reduced by 11.4 to 18.2 percent; and the level of underground water is lower. Thus, vast improvements are made in production conditions and in the ecological environment.

Third, this trend is also an objective demand for obtaining the best economic effect. Comprehensive development, utilization and management of natural resources can achieve good economic results. This is because: First, they enable us to overcome the evil habit of only tending to interests of the moment, and to make an overall study of the advantages and disadvantages on all sides in the development and utilization of resources and thereby organically link together short-term interests with long-term interests. The Red Flag production brigade of Changpu people's commune of Taoyuan County in Hunan Province is located in the mountains. It has paid close attention to the comprehensive development and utilization of the mountain resources. It refrained from destroying the forests to plant grain but devoted efforts to developing forestry and animal husbandry. Of its yearly gross income, 48.9 percent came from forestry and animal husbandry. In 1977, its average per capita income amounted to 144 yuan. The Makuli production brigade of Huachuan County in Heilongjiang Province is located on the Sanjiang flatland. It has also paid close attention to the comprehensive development and utilization of grassland resources. It refrained from destroying the grassland to plant grain, but devoted efforts to developing forestry and animal husbandry. In 1979, its income from the forestry and animal husbandry sectors made up 45.3 percent of its total income and the average income of its members was 200 yuan. Second, they enable us to fully utilize the diversified uses for material resources, convert "waste" to "treasure" and "disadvantage" to "advantage," and "make the best of everything." For example, the Yinjiashan production brigade of Linglongshan people's commune of Linan County in Zhejiang Province carried out the comprehensive

utilization of bamboo plants. Its receipts from bamboo branches, bamboo tips, bamboo shells and bamboo shoots amounted to over 30,000 yuan a year and made up one-third of the gross income of the brigade. In many localities, the various trades and departments worked together, utilized each other and thereby raised the economic effect. In recent years, certain localities fishery and animal husbandry departments have worked together to promote the production of milk cows and to use cow dung as feed for pond fish. Notable results have been achieved. The Yuelu fishing pond of Changsha Municipality has carried out an experiment in which, other conditions being equal, the dung and urea of one milk cow were scattered on each 2-mu of water surface in the fish pond and the result was found that the fish output was 406.8 catties per mu of water surface. This surpassed by 156 catties the fish output of ponds without cow dung deposits. In reality, in foreign countries, there have been instances of enterprises linking together the management of forestry and animal husbandry. The enterprises herd sheep and cattle within the forest areas. This enables the forests to perform the diversified functions of supplying timber, cow and sheep milk, beef and mutton and hair and hides from the sheep and cattle. Enterprises of this kind possess the following advantages: First, the tree groves are widely separated from each other. This provides ample space for sunshine and air. In turn, the trees grow faster and taller and forest fires are prevented. Second, in good weather and under the shade and cover of trees, sheep and cattle enjoy rapid growth. This realizes quick earnings, is vastly different from awaiting the growth of trees to yield timber, which takes at least 10 years. Income of this kind is safe and reliable. The economic effect is great.

Fourth, this is the inevitable course of history in the development of mankind's material production. Seen from historical development, we can divide mankind's development and utilization of natural resources into several stages. In the beginning, in their search for food, mankind constantly was on the move. After having eaten all the food available in one locality, they migrated to another locality. This represented a primitive and animal type of existence. This type of utilization caused a great waste of natural resources, but because of the relatively small population at that time, the waste did not exceed the regenerative power of the natural resources. Following the development of human society, the population increased considerably, mankind began to settle down, and their labor entered into the stage of planned and purposeful utilization of natural resources. "The farther mankind departs from the animal status, the greater their characteristic of making use of nature in a thoughtful and planned manner and being oriented toward a definite and predetermined objective." (Engels: "Dialectics of Nature," "Selected Works of Marx and Engels," vol 3, pp 516, 517). However, in this stage, the plan and target still possessed the special feature of being unitary and provisional and frequently the final results were the destruction of the natural resources and the breaking up of the ecological balance. For example, in order to raise agricultural crops, mankind destroyed the forests and opened up the grasslands to provide cultivated fields therefrom. For a short time, the anticipated results were achieved but "because of the loss of the center for the accumulation, conservation and storage of the water element," the land suffered from drought and dryness, the soil turned into sand, and the farmland that had been cultivated had to be abandoned. This was precisely like what



Engels pointed out: "On each triumphant occasion, the first step definitely brought the anticipated results, but the second and third steps produced entirely different and unexpected responses and the results from the first step were obliterated." ("Dialectics of Nature," "Selections from Marx and Engels," vol 3, pp 516, 517) Actually, this stage of development has continued up to the present. In some cases, it is still in progress and in many localities the phenomena of natural resources being destroyed just for the sake of pursuing mankind's production activities can still be seen. In the modern era, because of the progress of science and technology and the accumulation of experiences, mankind has begun to realize that the unitary development and utilization of natural resources not only causes an enormous waste of resources but also brings about the destruction of resources. Mankind's production activities not only should look to current interests but also should have regard for long-term and future interests and consideration should be given not only to the economic effect of production but also the protection of the environment. This thus brings up the problem of the comprehensive development and utilization of natural resources and preservation of the ecological balance. In my opinion, this is a landmark of mankind's development and utilization of natural resources entering into a new stage, that is, a stage based on the principle of comprehensive development and utilization of resources and the setting up of a good ecological system. In our country, a small minority of localities still exist in the primitive mode and vestiges of the first stage; in many localities, there may still be found unitary management in agriculture and scenes such as deforestation, destruction of grassland and land reclamation from lakes and ponds. All this results in the loss of the ecological balance and gradual exhaustion of the resources and indicates that the localities are still in the second stage. Finally, a small minority of localities have entered into the third stage and this can be seen from their progressing from the destruction of resources to the maintenance or establishment of a new ecological balance and from the regeneration of resources being in a favorable cycle.

Summing up to above, we can see an outstanding fact looming before us, and this is that the comprehensive development, utilization and management of natural resources is inevitable in objective historical development. This holds true regardless of whether we are basing our judgment on the special features of agricultural natural resources, on the special features of agricultural production, on mankind's needs, or on the historical process of mankind's development and utilization of natural resources.

## II. Correctly Handling the Relations Between Development, Utilization and Management

Correctly understanding the position occupied, respectively, by comprehensive development, comprehensive utilization and comprehensive management in agricultural production and their reciprocal relationships is of important significance in correctly handling the relations between them and in promoting the rational development and utilization of natural resources.

Opening up natural resources is the starting point of mankind's production activities. Be it industrial production or agricultural production, first of all we must open up the natural resources in order to procure the material

means of production and to provide the necessary production conditions. For example, in planting crops, we must first of all till and cultivate the land; in timber production, we must grow trees and fell them; and in raising animals, we must first of all catch and tame wild animals. And so on and so forth. This is because mankind's production labor constitutes the process of creating material wealth through uniting people with definite or identical production relations to remakennature. Deviating from the opening up of natural resources will cause the lose of material foundation for mankind's production activities and miss the objective of the labor. Without the opening up of natural resources, mankind's production activities will lose their material foundation and the object of their labor. In this atmosphere, the activities cannot continue.

Since the objects of opening up nature constitute natural material things objectively in existence such as land, forests, waterways, animals, vegetation and so forth, nature is the object of labor and therefore the laws of nature must govern. As mentioned above, agricultural natural resources are mutually related, depend on each other for existence and hold each other in check. They embody the special feature of being a composite whole. Therefore, in opening up agricultural natural resources we must consider the whole situation and the composite body as a while and study the problem of how to comprehensively develop and utilize resources, how to fully and rationally put the capacity of the natural resources into full play, and how to set up a favorable environment so as to achieve the highest economic effect. Hence we can say that comprehensive development is the labor or effort expended by mankind to encompassingly, fully and rationally put the efficacy of natural resources into full play to satisfy its needs.

Comprehensive utilization refers to labor or efforts made to fully utilize the diverse benefits of material resources. The objective of labor is the material products following development by man, that is, the reprocessing of the fruits of man's labor. For example, the comprehensive utilization of cotton embraces the spinning and weaving of cotton into cotton yarn and cotton cloth, the making of cotton plant stalks into fiber board, the crushing of cotton seeds to produce cottonseed oil, using cottonseed cake as animal feed and fertilizer, and so on. The comprehensive utilization of milk cow includes, additional to using its milk as food, making milk powder, malt extract and milk, condensed milk, and using milk as an ingredient for cold dishes and cold drinks. Cow dung can be used to feed fish and raise earthworms and to grow mushrooms while the blood of young bulls can be used to make serum, cowhide to make leather and bones and skeletons to serve as raw materials for light industry.

As for the relations between comprehensive development and comprehensive utilization, the former is the starting point of, and provides the material foundation for, the latter. It creates the logical premise, materially speaking, for the latter, that is, if viewed from the production process. For example, the comprehensive development of water resources is the logical premise for the comprehensive utilization of water reservoirs, the comprehensive development of land resources and vegetation resources is the logical premise for the comprehensive utilization of crops, and the comprehensive development of mountainous resources is the logical premise for the comprehensive utilization

of the hilly areas. However, since development is for the purpose of the utilization of natural resources and meeting certain needs of man, comprehensive utilization is in reality the continuance of the final aim of comprehensive development. Viewed from the scope of production, comprehensive development is the remaking and utilization of natural resources in an overall manner. It must be based on a complete study of the special features, characteristics and the operating rules of natural resources. Comprehensive utilization is remaking and utilizing natural resources in part of individually and is based on a study of the special features, characteristics and operating rules of the materials concerned. Hence, the relationships between comprehensive development and comprehensive utilization is that of a composite body and an individual part, that is to say, in the nature of macro and micro relations.

Comprehensive management refers to the organizational form handling mankind's production and management activities following the development of specialization of and socialization of production. Horizontally, this form penetrates the limits of departmental independent management and executes comprehensive management over a large number of departments. Vertically, it unifies the various sectors of production and management activities and carries out the "one-dragon system" of linking together production, supply and marketing. The joint agricultural-industrial-commercial complexes now being experimented upon in many localities in our country precisely constitute this organizational form of comprehensive management. This form joins together in an organic whole the various specialized production and management activities of processing, sales, transportation and storage centering on agriculture and agricultural products. In this way, it carries out comprehensive management of an industrial, agricultural and commercial nature. It breaks the old tradition of independent management which attended solely and separately to agriculture, or industry or commerce. Joint enterprises of this kind are capable of linking together production, supply and marketing. They reduce the turnover points in commodity circulation, lower production costs and achieve economy in expenses. They present the quality of fresh and perishable agricultural products and, reduce loss and waste. They can resolve the "carving up" phenomenon seen among the management structure units, regulate the relations between the various departments and facilitate unified planning and comprehensive development. In one word, they can facilitate, in an even better manner, the comprehensive development and utilization of natural resources. Facts have clearly shown that comprehensive management has played a key role in the production activities of comprehensive development and comprehensive utilization. This is because mankind's production activities cannot be alienated from planning and organizational work, and whether or not the planning and organizational work in comprehensive management conform to objective laws determines the ultimate success or failure of the comprehensive development and utilization of natural resources.

Summing up the above, we may say that comprehensive development is the foundation, that comprehensive management plays the key role while comprehensive utilization yields the end result. The three are closely linked together and cannot be separated. For many years, people have talked only about comprehensive utilization and not comprehensive development or comprehensive management



and have forgotten that comprehensive development is the material basis for comprehensive utilization and that comprehensive management should play the leadership role in comprehensive utilization. As a result, comprehensive utilization has become, literally speaking, wood or what without a source. If we care only about comprehensive utilization and not about comprehensive development and comprehensive management, we would fall into the trap of "attending to trifles to the neglect of essentials," caring for present interests and partial interests and failing to watch out for long-term interests and the interests of the composite body. In this way, we cannot truly and effectively bring out the benefits of natural resources. If we talk only about comprehensive utilization, neglect comprehensive development and comprehensive management, care for development of only the department concerned, strengthen petty rules and regulations, and disregard unified planning, there is no chance for comprehensive development. Therefore it is necessary to acquire a correct understanding of the relationship between the three. Concurrently with stressing comprehensive utilization, more importantly we should first give thought to comprehensive development and comprehensive management of natural resources.

### III. Several Problems Awaiting Solution

Although comprehensive development, comprehensive utilization and comprehensive management have been promoted for many years in our country, no great results have been achieved from this. In my opinion, if we want better results from now on, strategically we must not confine ourselves to unitary agriculture but should build up the idea of composite agriculture. We must undertake comprehensive development of natural resources, comprehensive utilization of products and comprehensive management of enterprises. We must study the overall economic effect, resist natural disasters in an overall manner and effect comprehensive development of agricultural production. To achieve this objective, we must solve well the problem of the relationship concerning the following various sectors:

#### 1. Understanding the relationship between resources and the development and utilization of resources.

To achieve full and rational comprehensive development and utilization of agricultural natural resources, first we must have a correct understanding of agricultural resources. This is the first and foremost condition for the comprehensive development and utilization of natural resources. In reality, our current problem is the lack of a clear knowledge of the volume, character, use, operation rules and limitation factors of the agricultural resources of our country. As a result, many blind directives have been given on agricultural production. For example, whereas orange trees, tea plants and sugarcane thrive in warm weather, they are arbitrarily planted in the cold northern regions; while apples and beetroot are accustomed to a cold climate, their planting is blindly shifted to the southern part of the country. Double-cropping rice is promoted in hilly areas of a high altitude, low temperature and short sunlight hours. Without a clear knowledge of underground water resources, large numbers of wells have been drilled and the supply of underground water is exhausted. Overcutting forests, excessive herding on grasslands and exorbitant fish catching in areas near the sea have been frequent

occurrences. All this is greatly related to our blind and ruthless efforts without a clear knowledge of the laws of nature. Hence, comprehensive development and comprehensive utilization of natural resources must first be governed by the logical premise of having a clear knowledge of the volume, characteristics and operation laws of the natural resources. In order to perform well the comprehensive development, utilization, and management of agricultural resources, it is necessary to make a thorough investigation and study and obtain a scientific knowledge of the various natural resources in the whole country, in each province, municipality, and district and in each area, county, people's commune, production brigade and production team. We must find out their unique operating laws and create conditions for comprehensive development and utilization.

## 2. Relationship between protecting natural resources and developing and utilizing natural resources.

Protection and utilization supplement and help each other. Hence, with regard to natural resources, we must adopt the principle of developing in accord with protecting and utilizing in the course of developing. What is meant by protecting here does not mean altogether stopping mankind's production activities. Rather, it is a reference to protecting the renewal capacity of natural resources and to protecting the availability of material resources for continuous utilization.

Agricultural resources are different from mining resources. They have the special features of being renewable and regenerative in cycles. If only we can protect these resources well, they can be transformed to the advantage of humanity. The danger is that at present natural resources are oriented toward being disadvantageous to humanity and that the regenerative capacity of resources has been on the downturn. The consequences will be disastrous if this trend is allowed to continue. Therefore, I believe that in protecting natural resources, the first and most important task is to protect the renewal capacity of natural resources and to protect their power of regeneration.

An important problem is protecting species resources. At present, of the over 10 million-odd species in the world only a very small minority has been utilized by mankind. According to statistics compiled by the United Nations grain and agriculture unit, only about 30 kinds of plants and their converted species are being used for grain production, whereas in nature at least several hundred or nearly a thousand kinds of plants can be used as food sources for mankind. Viewed today as utterly useless, tomorrow these resources, which have not yet been utilized, may become priceless. It may be said that protecting resources is in effect protecting mankind's survival activities. What is causing concern at the present moment is that due to the shortsighted activities of mankind, resources are vanishing at an astonishingly high speed. According to statistics, if no change is made in the current form of land development and utilization, then by the end of this century, some 1-2 million species will disappear from the earth. Therefore, in our development and utilization of natural resources, we must do our utmost to protect the resources so that they will not be damaged.

So-called "utilizing while developing" implies that the volume of utilization of agricultural natural resources cannot exceed their volume of growth so as to ensure their continuous availability. In the past, our utilization of natural resources frequently showed signs of "eating into the original capital," that is to say, the plantation trade used the land for planting but failed to keep it in good repair. As a result, the fertility of the soil greatly diminished and each crop planted worsened soil condition. Excessive cutting in the forests brings about a diminishing return for future cuttings while relentless and exorbitant fishing depletes the fish resources. Similarly, overherding on the grasslands reduces the capacity of the grasslands to support animal husbandry. Phenomena of this kind denote the theme of utilizing the natural resources while developing. To accomplish this, we must keep the rate of utilization under control so as to maintain the sustained power of the natural resources. In the case of land, we must combine use and maintenance together; in the case of the forestry industry, major efforts should be devoted to afforestation so as to increase the quantity in reserve. As for animal husbandry, we must step up the building of grasslands and raise their herding capacity, while in fishery we must gradually effect a change from depending on catching to depending mainly on raising and breeding. The catching of fingerlings should be categorically banned.

### 3. Relationship between the geographical distribution of agricultural production and development and utilization of natural resources.

The distribution of agricultural production refers to the special features and condition of the geographical distribution of agricultural production. A rational geographical distribution is an important condition for the full and rational utilization of resources. It enables the agricultural production of the entire society to not only fully display the superiority of the natural resources and socioeconomic conditions of the different localities but also to put into fully play the function of mutual cooperation and coordination in agricultural production between the different localities, and in this way brings good economic benefits to agricultural production of the entire society. In order to correctly handle the relationship between the geographical distribution of production and the development and utilization of natural resources, first of all we must change the situation of the geographical distribution of agriculture being out of joint with the geographical distribution of industrial production. For example, we may cite instances such as paper mills which timber used as raw materials is located in cities and towns far away from the forest areas. In the forest areas, timber left over from the felling of trees are really good raw materials for use by the paper mills. Yet because of the great distance separating them from the consumption centers and the high transportation charges, large quantities of branches of felled trees are left to rot in the hills and are hardly available for comprehensive utilization. Hence, the geographical distribution of industries using agricultural products as raw materials should conform to the geographical distribution of agriculture. In the agricultural areas which produce crops for use as raw materials by industries, processing industries, particularly those of the first grade, should be set up according to plan. Second, we must rectify the phenomenon of the location of agriculture being out of joint with, or not conforming to, the superior condition of the resources of the localities. For example, many localities in Jiangxi Province are suitable to the planting of grain and oranges

but they have been arbitrarily assigned to cotton plantation. As a result, the output of cotton was low, the cost of production was high, and the peasant populace did not like planting cotton at all. This violation of the basic principle of "suiting measures to local conditions" renders it impossible for the geographical distribution of production to put into full play the superior conditions of the resources of the localities. It amounts to much being put in but little being received in return. Under such conditions, it is hardly possible to effect the comprehensive development and utilization of natural resources. Therefore, a rational geographical distribution of production constitutes an important condition for the comprehensive development, management and utilization of natural resources.

#### 4. Relationship between reforming the economic control structure and comprehensive development and utilization of resources.

As mentioned above, agricultural resources possess the unique characteristic of being an integrated whole. They keep each other in check, but depend on each other for their existence. This reciprocal function is not subject to control by administrative districts. Hence, the control structure must conform to the special feature of the agricultural resources, and because of the integrated character of the resources, they must be controlled under a unified plan and one unified structure. For example, in the development and utilization of a river, we must form a plan for the entire river basin. The upper reaches, middle reaches and lower reaches as well as both the right and left banks of the river must be taken into consideration. For many years, we have paid scant attention to this special point. We used an administrative zone to replace a natural zone and artificially carved up the integrated natural resources into a number of pieces which have no connection with each other. As for the control organs, they have numerous departments, each of which has its rules and regulations and forms a system of its own from top to bottom. Under such an organization structure, those responsible for water conservancy work have little or no regard for planting trees or afforestation, those reclaiming land from ponds hardly give any thought to fishery output, and those doing land reclamation work completely ignore the interests of forestry or animal husbandry. In some localities, the forest bureau was responsible for felling trees but would not do any tree-planting, while the afforestation bureau attended only to planting trees and did not care for tree-felling, being totally devoid of any enthusiasm for afforestation. Ostensibly, for the sake of developing and utilizing natural resources, some went so far as to engage in serious disputes in land grabbing. Under such circumstances, it was naturally impossible to achieve the rational development and utilization of natural resources. Hence, it is necessary to set up a unified and authoritative control structure which is based on natural divisions and is responsible for the formulation of regulations governing the comprehensive development and utilization of natural resources and for regulating and coordinating the work of the various departments in the localities.

CSO: 4006/51

## NATIONAL POLICY AND ISSUES

### 'JINGJI YANJIU' ON USING AGRICULTURAL ADVANTAGES

HK260910 Beijing JINGJI YANJIU in Chinese No 9, 20 Sep 82 pp 7-9

[Article by Lu Wen [4151 2429] of the Rural Policy Research Office of the Secretariat of the CPC Central Committee: "Regional Advantages in Agriculture and Their Proportions in the Overall Situation"]

[Text] How to make agricultural production suit the needs of the development of the whole national economy and raise macroeconomic efficiency is a subject that merits our attention. This question involves handling well the relationships between suiting measures to local conditions and bringing out their advantages, and overall proportions and state planning. In the past, under the influence of leftist ideology, the method of "cutting with one knife" was used in agricultural production, ignoring the advantages of various regions and units. Over the past few years, the CPC Central Committee has pointed out the necessity of using advantages and overcoming shortcomings, and consequently people have been to pay attention to making use of favorable local conditions in order to increase production and income. But at the same time, some units have only paid attention to local interests and neglected overall proportion and state planning. It needs further investigation to find out how to grasp these two aspects completely and combine them in practice.

#### The Economic Significance and Orientation of Using Advantages

In order to use advantages in agricultural production, we must on the one hand follow natural laws and make general use of favorable natural conditions to improve natural labor productivity, and on the other hand, follow economic laws and make general use of good socioeconomic conditions so as to improve social labor productivity.

Marx said: "In agriculture, the help of natural power—to increase the labor power of man through the use and exploitation of natural force that functions naturally--has an expanded scale from the beginning." ("Collected Works of Marx and Engels," "The Theory of Surplus Value," vol 26 (I), pp 22-23). Our agricultural production is poor and is subject to frequent natural disasters. The results of agricultural production, harvests or failures, to a great extent depend on natural conditions. Sunlight, heat, water, climate, soil, topography and biological resources differ vastly in various places, and

this has created widely differing production conditions. Different natural conditions result in considerably different output and quality from the same sorts of crops planted on the same acreage and with the same amount of labor and investment. If production of certain crops is developed in places with conditions favorable for the growing of those crops, it will result in high output and good quality. In the past, Dezhou region in Shandong Province concentrated its efforts in growing grain crops but had low output and income. In 1980 and 1981, this region readjusted its production structure to increase the acreage for growing cotton. As a result, cotton output increased five-fold, gross production output value increased by more than 50 percent and the income of commune members was 1.4 times higher than 1979, with an average of 120 yuan per capita. Yancheng region in Jiangsu Province grew cotton in light saline coastal areas and thus achieved higher output value and income. The average per capita income of 38 production brigades in 1981 reached a record 433 yuan. The amount of cotton sold to the state was 221 jin per capita and distribution amounted to more than 300 yuan. The Lixiahe area in this region made use of the favorable conditions for growing grain crops and developed grain production; consequently it has increased both production and income. The income from grain produced by 4 production brigades in 1981 in this area made up 78.6 percent of the gross agricultural income with the average per capita grain production coming to 1,920 jin, and commune members' average distribution amounting to more than 300 yuan. This situation showed that developing production and improving natural labor productivity according to the specific conditions of various areas represent a principle that must be followed in agricultural production and an important way for increasing production and income. From the point of the economy, such additional income from making use of natural conditions is in fact a kind of differential land rent (or differential income). At the present stage, such income is legal for collective production units or individual producers. All regions and units must therefore actively study their own favorable natural conditions so as to create such income.

In agricultural production, various socioeconomic factors such as production equipment, production technology, labor organization, management, product circulation, the standard of cadres, and historical tradition have a great influence on production. All places have different levels of development in their economy and other fields and have their own advantages and disadvantages, but generally, they all possess certain relatively favorable conditions. Therefore if the various places are able to discover and make full use of their favorable conditions, and avoid shortcomings, they will no doubt be able to improve social labor productivity.

By making good use of favorable natural and social conditions and turning out certain products with less labor time than is needed by society, and selling those products at the same price, one can create more income, this counts as excess income. Such income will promote production technology and management and increase social wealth, this is in the interests of production units, producers and society and therefore efforts must be made to create this income.



However, it is improper to make use of the present difference in the price and value of various agricultural products and spare no efforts to increase production of commodities with preferential prices for the purpose of increasing income, and to consider this activity as the orientation and main content of making use of advantages. We are not against production units and producers turning out products with preferential prices, because such a practice will help increase income, make up for insufficient profits from other products and thereby help to overcome lack of funds and improve the distribution level of commune members. But we can in no way regard this practice as a guiding principle and basic orientation. Only when we are able to carry out production by making use of favorable natural and socioeconomic conditions can we save living labor and expenditure, and consequently add to social material wealth. Decreases and increases of price in the exchange of commodities can only cause the transfer and distribution of value among various departments and units and can in no way increase material wealth. Therefore, taking the situation as a whole, we can in no way regard the obtaining of preferential prices as an important condition and content of using advantages. We must not concentrate merely on price.

#### Full Attention Must Be Paid to the Proportion and Needs of the Overall Situation

Since using advantages has the above-mentioned function, will it do for all regions and units merely to make use of their own advantages? Knowing the high price of tobacco, some places with the conditions for growing it have constantly expanded the acreage for this crop, and have consequently affected the production of grain and various other economic crops; some other places have developed the production of rapeseed in a big way because they consider it more beneficial to do so, but as a result, the supply of rapeseed has exceeded demand. Similar situations have also arisen in the production of jute, Chinese prickly ash, pepper and some medicinal herbs. As a result, these products have been stockpiled and have caused serious losses. Thus, the so-called advantages have become disadvantageous. Facts have proved that we can in no way one-sidedly stress the importance of the advantages of some regions and units; we must pay attention to overall proportions and needs. These two aspects are inseparable in production.

It is an objective law that social production develops proportionately. Agriculture is an indispensable part of the whole national economy, providing staple and nonstaple foods for the whole country. About 48 percent of the products and processing materials for foreign trade and 70 percent of the raw materials for light industry are provided by agriculture. If agriculture fails to supply enough products to society, both state planning and the stability of social life will be affected. Therefore it is imperative that agriculture must have proportionate relationships with various national economic and other departments while a certain proportion is also required among the various trades within agriculture. In addition, there must also be a certain proportion between the needs of production and those of life in rural areas, and this situation also requires that agriculture must develop proportionately. Correct proportions represent a basic condition for rapid development and greater overall economic efficiency, and an important guarantee for agriculture to become a solid foundation for the national economy. To uphold the

principle of planned economy as the main stay and market regulation as the subsidiary is the basic guarantee for the proportionate development of agriculture.

When various regions and units use their advantages, they must do so according to overall proportion and planning. Apart from those used for consumption, all agricultural products are sold as commodities. Whether the labor used in agricultural production is acknowledged by society, to what extent it is acknowledged and what value it has can only be defined through exchanges. If certain units and individuals manage to effectively use favorable natural and social conditions and produce products needed by society with less labor consumption, such products will be sold easily and make more income. On the other hand, if units and individuals disregard social needs and take only their own situations into account, or grow crops with preferential prices, and expand production blindly, the time will come when the products have saturated the market and have to be stockpiled, or even lose their price and value. At present, odd phenomena have occurred in some places, such that jute and medical herbs are used for firewood; this situation is the grave consequence of a practice which violates economic law. Using advantages and achieving overall proportion are mutually conditional and complementary. In making use of advantages we must not destroy the overall proportion, while overall proportion must be based on using the advantages of various units. Only if we can use advantages correctly will we be able to create rational and highly efficient proportion and only if we take overall proportion as a guide will we be able to make effective use of advantages. The favorable conditions that accord with proportion are the ones that fulfill the needs of the whole of society; they are true advantages that will bring actual and permanent economic benefits to both the producers and society.

#### How To Combine the Use of Advantages With Overall Proportion

It is not easy to combine using advantages with achieving overall proportion in production. Various production units are only familiar with their own conditions and those around them and what they care about first of all are their own interests. With their different conditions, various places differ widely in the arrangement of their production; the state, on the other hand, cannot consider the situations of all the various units and include everything in its plans. Therefore there cannot but exist contradictions between the whole and individual and between general and specific situations. Certain conditions are necessary to combine using advantages with achieving overall proportion. Based on the present situation, efforts should be made in the following three fields.

First, we must correctly understand and handle the independence and autonomy of various units. Since natural conditions in our country differ so widely, agricultural production is so complicated and rural economic organizations are so diverse, it is imperative that production units and producers have a certain degree of independence and autonomy. Otherwise it will not be possible of them to use their advantages. But such independence and autonomy differ from the capitalist enterprises because the former have the prerequisite of following the guidance of state planning. The "Resolution of the CPC



Central Committee on Some Questions Regarding the Speeding Up of the Development of Agriculture" points out: "On the basis of upholding socialist orientation, implementing state policies, laws, rules and regulations and accepting the guidance of state planning, the basic accounting units of people's communes have the right to grow crops according to their specific conditions, to decide on measures for increasing production, to determine management methods, to distribute their products and cash and to oppose blind directives from any leading organization and any leading member." These words clearly explain that the whole of agricultural production and the rural economy must accept the guidance of state planning and must take planned economy as the main stay. Independence and autonomy can in no way depart from the path of planned economy and become free.

Second, step up planning guidance and make a success of the contract system. The state planning bodies use the situation and needs of the whole country as a basis for defining rational proportions and purchasing figures for all types of production. Based on this plan, various places work out their own plans according to their specific conditions. The lower the levels to which the plans are passed down, the more diverse will be the forms of plan. In order to suit their own conditions and use their own advantages, various places and units consequently have different key areas of production or may even just specialize in only one type of product. That is to say, some may grow mainly grain crops while others may concentrate on developing forestry, animal husbandry or fisheries. From the point of view of one unit, the proportions of various trades may differ vastly from each other; but looking at the whole situation, it accords with general needs. In working out such plans, it is necessary to have guidance from above and centralization from below, and to conduct repeated investigations so as to achieve overall balance.

An economy owned by the whole people and a collective economy are two different forms of public ownership economy. In a collective economy, state policies are guiding policies, not commanding policies. The more appropriate form for guaranteeing both independence and autonomy, and state planning, is the contract system. State commercial organizations must sign contracts with production units and producers for production, supply and sales, while collective units sign contracts with contractors for the varieties, quality and quantity of the products (the contents of the assignment of big scale production output quotas must also be defined). The two sides both have an obligation to honor the contracts and with the exception of unavoidable objective causes, those who violate the contracts must be subject to economic punishments. State planning organizations, commercial organizations and circulation organizations of the collective economy must regularly, study social demands for agricultural products and the production and supply of these products, study market trends, predict the trend of development, provide peasants with regular information, and guide agricultural production.

Third, influence agricultural production through economic means. In the life of society at present, actual economic benefits have a very strong attraction. The scattered rural economy, the existence of market regulation and the fact that the prices of agricultural products are not completely rational have made it difficult to implement state planning, and therefore, in order to guarantee the realization of state plans, it is necessary to use the subsidiary method of economic means.

Defining the basic figures or proportions for state unified purchases and other purchases is one method of using economic means to realize plans. Increases and decreases of basic figures and the price of those products which exceed the basic figures will stimulate or hinder the development of production. But this method has some shortcomings. Generally speaking, the old centralized producing areas have heavier tasks in meeting state purchase requirements; consequently they have higher basic figures and can produce less value in excess of these figures; therefore such areas have a lower income. New areas, on the other hand, have less (or no) tasks of meeting state purchase demands, thus lower basic figures, so these areas can produce more value in excess of these figures and therefore have a higher income. These two types of area thus differ widely from each other. In addition, basic figures are easy to lower difficult to raise, and the basic trend is that the basic figure becomes smaller and smaller, the amount produced in excess of this figure becomes larger and larger, and prices increase more and more, so financial subsidies given by the state must constantly increase. The former contradiction can be avoided if the method of state purchasing is calculated proportionately against gross sales volume, but the problem of constantly giving subsidies cannot be solved. In some places, the amount of state payment is bigger than in the former method. Therefore we must take various measures or study new methods according to specific conditions.

In a commodity economy, price fluctuations have a regulating role in production. We take the planned economy as the mainstay, but planning must consider the role of value. With the existence of markets, it is necessary to make use of the regulating role of price so as to realize planning goals. At the present stage, it is inappropriate to readjust prices by a big margin but this does not mean that prices will always remain unchanged. Highly irrational prices must be gradually readjusted for the benefit of production and circulation. In the long term, we must form a price system based on value.

Other economic measures such as sales awards credit, tax and the system of assigning grain production quotas will also influence production.

CSO: 4006/51

## NATIONAL POLICY AND ISSUES

### IMPROVEMENTS IN FINANCE TRADE WORK URGED

#### Chengdu Conference

Chengdu SICHUAN RIBAO in Chinese 18 Jul 82 pp 1, 4

[Article: "Proposals of the Finance and Trade Work Conference Held by the Provincial Party Committee and the Provincial Government: Finance and Trade Work Must Be Better Adapted to New Conditions; Continue to Enliven Circulation, Stimulate Production, and Ensure Supplies"]

[Text] From 5 July to 17 July, the provincial party committee and the provincial government held a provincial finance and trade work conference at Chengdu. It summed up experiences in finance and trade work since the Third Plenum of the 11th Party Central Committee, and sought unity of thought and understanding. At the same time, in accordance with the spirit of the work conference of the provincial party committee, it studied the new conditions and issues faced in finance and trade work. The conference proposed that finance and trade work must be better adapted to the new situation in the development of the national economy. We must continue to enliven circulation and stimulate the development of industrial and agricultural production. It is especially important to consider the acceleration of rural economic development as our central task, and to perform a functional role by anticipating agricultural production, in order to make greater contributions towards the realization of the objectives of our struggles to develop Sichuan's rural economy.

Present at the conference were party and government comrades responsible for finance and trade work from various prefectures, municipalities, autonomous prefectures, and counties; directors of finance offices; and responsible comrades from the trade and finance bureaus of the various prefectures, municipalities, and autonomous prefectures, and from concerned departments at the firm, commune, and provincial levels. The conference was attended by leading comrades from the provincial party committee and the provincial government such as Wang Lizhi [3769 7812 3037], He Haoju [0149 6787 3515], Guan Xuesi [4619 1331 1835], and Ding Zhanghe [0002 7022 3109]. Tan Qilong [6223 0796 7893] and Lu Dadong [7627 1129 2639] delivered speeches. Comrade Yang Rudai [2799 3067 1486] presided over the conference from start to finish, and also made a summary of the conference.

Under the guidance of the policies of the Third Plenum of the 11th Party Central Committee, the situation on the finance and trade front in Sichuan has developed quickly and well. At the same time that there has been a fairly large improvement in the grain situation in the rural areas, state grain procurement has basically achieved a balance between revenues and expenditures, and even shows a slight surplus. There have been great increases in the volume of commodity circulation and foreign trade exports. New locations have been added to the network of commercial services, and markets are thriving and brisk. Enterprises are showing somewhat better economic results. The use of bank credits has been expanding, and there is financial stability. In light of the realities facing their prefectures and departments, the comrades at the conference spoke glowingly of the excellent situation on the finance and trade front. Spirits were encouraged, confidence was strengthened, and enthusiasm was aroused.

Those attending the conference believe that in the past 3 years the "leftist" influence on Sichuan's finance and trade departments has been eliminated. The policies of "readjustment, restructuring, reorganization and upgrading" have been conscientiously implemented. The general orientation has been correct and the results have been conspicuous in the series of improvements made in such areas as the commodity circulation system, expansion of the powers of enterprises, and bank credit, as well as in stimulating production and enlivening the economy. Fundamentally, it has been our experience that in managing the procurement of grain and sideline farm products, it is necessary to relax policies and stabilize the burden born by the peasantry. It is also necessary to firmly implement the policies of centralized procurement, procurement by quota system, and procurement based on negotiated prices in order to stimulate rural economic development. Within our unified socialist market, we must allow state-operated commerce to play the leading role, and insure that the various other channels play their appropriate roles so that there can be vitality without chaos. In the procurement and allocation of commodities, and in the utilization of investment capital, it is necessary to further centralize and unify, and to correctly adjust the relationship between "coordinating activities throughout the nation like the places in a chess game," and giving free rein to the enthusiasm of localities and enterprises. In the allocation of financial resources, it is necessary to correctly handle the relationships between the interests of state, enterprise, and individual, and to ensure a financial balance between revenues and expenditures. Through conscientious, systematic summing-up, as well as studying and exchanging the experience of localities such as Dazhu, the comrades at the conference were all able to further their understanding and develop a more definite idea of the direction in which they should be going [with respect to finance and trade work]. They resolved to further emancipate their thinking, to continue to implement the series of guiding principles and policies formulated by the central committee since the Third Plenum of the 11th Party Central Committee, and to study the new conditions and seek out new methods for opening up a whole new situation in finance and trade work.

The conference studied and conveyed the spirit of the provincial party committee work conference, researched policy measures for solving some big problems in finance and trade work, and proposed six important tasks for finance and trade

work at the present time: (1) Improve finance and trade work in rural areas, and stimulate rural economic development. The conference pointed out that finance and trade departments bear an unshirkable responsibility in the acceleration of rural economic development. We must spread the experiences of Dazhu County's supply and marketing cooperatives, improve rural commerce, and open up the circulation channels. We must energetically implement the contract system in the agricultural and commercial economies, and foster the development of diversification in such areas as seeds, fertilizers, funding and technological instruction, commodity sales promotion, and the supply of market information. Efforts must be made to do a good job on grain payments and financial supplement payments in the counties in the mountain regions, in order to attain better results. (2) Improve the circulation of industrial products and take the road of unification of industry and commerce. Stimulate production in light industry and textiles, and expand the distribution of industrial products in the countryside. (3) Consolidate and open up the commodity circulation channels, while protecting the unified socialist market. (4) Conscientiously carry out the guiding policies of opening up to the outside world and enlivening the domestic economy. (5) Carry out the all-round consolidation of commercial enterprises by groups, and raise the quality of service and economic results. (6) Implement the guiding principle of taking better economic results as the main objective, and do a good job in commercial management and the administration of funds.

The conference emphasized that the tasks facing the financial and trade departments are extremely arduous. It will be necessary to earnestly strengthen the leadership of the party committees and governments. It will be necessary to completely understand the position and role of financial and trade work in economic adjustment and improvement, to "grasp production in one hand and circulation in the other hand" as the Dazhu County committee has done, to really put finance and trade work on the agenda of the party committees and governments, to make the finance and trade departments play their role to the fullest, and to conscientiously strengthen ideological and political work in the finance and trade departments, enabling finance and trade work to continuously meet the development needs of the entire economy.

#### New Conditions

Chengdu SICHUAN RIBAO in Chinese 18 Jul 82 pp 1, 4

[Editorial: "Study New Conditions--Take New Paths--Open Up New Prospects: Critique of Current Work in Finance and Trade"]

[Text] As the guiding principles of "readjustment, restructuring, reorganization and upgrading" of the national economy have been carried out since the Third Plenum of the 11th Party Central Committee, there have been enormous changes in the economic sphere in Sichuan. The current situation is excellent. At the same time, the appearance of new conditions in economic life has brought with it some new problems. These new conditions and new problems are closely related to the work of the finance and trade departments. The study of these conditions, the solution of these problems, the taking of a new path, and the

opening up of new prospects, have become urgent tasks in current finance and trade work.

In the last few years, Sichuan's economic situation has developed very rapidly. Year after year grain production has increased, and the diversified economy of the rural areas has developed continuously. Light industry and textiles have continued to expand, supplying urban and rural markets with more and more commodities. There has been increases in urban-rural and inter-regional commodity exchange. There has been progressive improvement in economic results in the realms of production and circulation. This is the main trend in economic development. However, in the course of economic development some new problems have appeared which must not be overlooked. For example, while there are more commodities than before, there are shortages of some marketable, desired commodities, while a few varieties are overstocked. Circulation has been invigorated, but at the same time the phenomena of sluggishness and confusion exist at certain points. Economic results have improved, but at the same time there are still problems of poor management as well as waste and losses resulting from rash investments. The appearance of these problems cannot be entirely attributed to the readjustment of our national economy and restructuring of systems. Other important reasons are failure in our work to completely resolve the relationships between enlivening the economy, and planning and guidance, and between development speed and economic results. In order to further develop our excellent situation and open up new prospects for healthy development in finance and trade work, it is necessary to correctly evaluate the new situation, new contradictions, and old unresolved problems which we are facing; to make clear distinctions between main trends and secondary trends in the development of the situation; to seek out the dominant aspect of contradictions; and to adopt correct policy measures.

In accordance with the ten principles for economic construction put forward by Premier Zhao Ziyang and the spirit of the provincial party committee's June work conference, and with the actual conditions in Sichuan, it is necessary to open up new prospects in which strengthened planning and guidance coincide with continued revitalization of the economy, and development speed coincides with economic results. At the present time the important tasks are: to continue to implement the policies of readjustment, restructuring, reorganization, and upgrading; to open up and consolidate the channels of circulation; to energetically support the development of agriculture, light industry and textiles; to carry out the overall consolidation of commercial enterprises group by group; to strengthen managerial and financial control; and to get better economic results, in order to better serve the stability and development of the national economy and the daily life of the masses.

Acceleration of rural economic development is the key issue in ensuring the overall growth of the national economy. The provincial party committee work conference has proposed that in the next 5 years Sichuan should aim for an average annual increase in total grain production of 2-3 billion catties, and an average annual increase in per capita rural income of 20-30 yuan. Finance and trade departments must center their struggle around these goals, and direct most of their energy toward stimulating the development of production,



conscientiously helping the peasants solve problems that are in urgent need of solution. They must start by making the most of Sichuan's advantage in having an abundance of both natural resources and labor, and develop new methods, find new means, and make new suggestions so as to energetically help the collectives and individual commune members develop diversified undertakings. They will also be able to stimulate the overall development of agricultural production in farming, forestry, animal husbandry, side-line production and fisheries. At the same time, they must further improve commodity circulation in the rural areas, so that the increased production of the developing diversified undertakings will find ready markets. This will guard against the common situation in which the difficulties of selling their goods dampen the peasants' enthusiasm for production. Here it will be necessary to do a good job in solving the problems of strengthening agricultural planning and guidance. At the present time we must get a good grip on two links of the chain: (1) A fundamental stability must be maintained in making policies on base quantities and proportional quantities for procurement of farm produce and sideline products. This will aid in ensuring the fulfillment of state plans for centralized requirement and procurement by quota system. It will also aid in ensuring the independence and economic interests of the peasants as stipulated by policy. (2) Energetically promote the agricultural-commercial contract system. By using contracts, it is possible to direct the development of commodity production by the peasants in accordance with state plans and market needs. At the same time measures to aid agriculture can be properly implemented. In this way the implementation of state purchasing plans can be guaranteed, and the peasants' anxieties concerning the marketing of commodities can be relieved.

In order to accelerate rural economic development it is necessary to fully develop the important functions of the rural supply and marketing cooperatives in the organization rural economic life. The supply and marketing cooperatives are an important channel for urban-rural economic exchange. The restoration and strengthening of the organization of supply and marketing cooperatives must be based on the needs of the masses, democratic management, flexible administration, and close links with the peasantry. The rural supply and marketing cooperatives must be made into commercial organizations which belong both to the state and to the peasants themselves. The experiences of Dazhu County are good in this respect. Especially noteworthy is the development of many forms of joint management with the peasants with respect to the purchase and management of agricultural and subsidiary products. They have gone further and tried to unify agriculture and commerce in the realm of production. This offers a new road to resolving the new contradictions in such areas as agricultural-commercial relations and multi-channel circulation. Their experiences should be assiduously made known.

The opening up and consolidation of the commodity circulation channels has great significance for the expansion of commodity circulation, making urban and rural markets prosperous, and getting better socio-economic results. This is an important aspect of opening up new prospects in finance and trade work. At the present time the first steps have already been taken to set up open commodity circulation markets with more channels and fewer transaction steps. At the same time there are still some problems with impeded circulation

and disorder. It will be necessary to open up and consolidate the commodity circulation channels by continuing to invigorate circulation, while also following the principle of having the necessary degree of control through planning. Initially, it is necessary to break down inter-regional barriers and to invigorate the circulation of commodities. It is especially important to open up the urban-rural commodity circulation channels, and to expand the distribution of industrial products in the countryside. Under the leadership of all levels of government, it is necessary to organize bodies to take charge and mobilize the enthusiasm of all kinds of commercial forces, and to open up new ways for industrial products to reach the countryside. At present, it is necessary to strengthen work in the county-level wholesale organizations. There must be timely distribution to the grassroots level of commodities allocated to rural areas. We must try out joint management of wholesale trade by county wholesale organizations together with rural supply and marketing cooperatives. Next, overall coordination and administrative control of multi-channel distribution must be strengthened, so that primary and secondary distribution channels can be distinguished, each playing its appropriate role, and so that there will be vitality without chaos. As for business undertakings that do not conform to the regulations, reckless jumping from trade to trade, speculation in wholesale trade, blind replenishment of inventory, actions contrary to the state plan, and the engaging in commercial activities by state functionaries of offices, organizations, enterprises, and facilities, etc., such matters must be rectified and corrected.

Improving economic results is the central issue in implementing the "eight-character policy" for adjusting the national economy. The finance and trade departments should also handle problems by taking the improvement of economic results as the central starting point. Development of production is the foothold for improving economic results. It is worth noting that only investment projects which are suited to social needs, and the production of commodities which are marketable and desired, can help improve socioeconomic results. Herein lies the problem of closely coordinating industry and commerce. Industry must be conscious of the marketplace, and commerce must be conscious of production. Both industry and commerce must start out from the principle of improving socioeconomic results and arrange the production and circulation of commodities in a planned way. Whenever it is determined as a result of careful investigation and study that the production of an industrial good is in excess of market demand and that there are large surpluses of stock, industry must not exceed planned production, and commercial units must not exceed planned purchases. Both industry and commerce should explore new paths such as jointly strengthening market research, jointly improving the promotion of product sales, and actively trying out industrial-commercial joint management. At the same time, financial organs, tax bureaus, and banks must use economic levers such as tax revenue and credit, as well as their economic supervisory functions, to adjust production and circulation, and to promote constant improvement of economic results. Only the close cooperation of production and finance and trade departments can open up a new kind of situation which combines speed and results: continuous production advances and continuous improvement of results.



To open up new prospects in finance and trade economic work, it is necessary to strengthen the leadership of finance and trade by the party committees and governments at all levels. First it is necessary to implant a guiding ideology which uses dual tactics to grasp both production and circulation. Finance and trade work occupies an intermediary and linking position in economic life. New contradictions in national economic development are often reflected in finance and trade work. Inadequate solutions to problems in finance and trade work will have an effect on the solution of production problems. Therefore party and government leaders at all levels must grasp production in one hand and circulation and distribution in the other hand, and place the new conditions and problems which arise in the course of economic development on their daily agenda for comprehensive handling and all-round coordination. Next it is necessary to simultaneously grasp the "two civilizations" and to strengthen ideological and political work as well as the building of grassroots organizations. It is necessary to regularize and systematize ideological and political education, sparetime education for staff and workers, and "five stresses and four points of beauty" activities; and to continuously raise levels of political consciousness, policy understanding, and professional standards, among the broad masses of cadres, staff and workers. In carrying out the overall consolidation of enterprises and party organizations group by group, it is necessary to do a good job in consolidating the management orientation and service work of enterprises, in order to make a new breakthrough in finance and trade work and to better serve the development of production and the improvement of the daily life of our people.

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CSO: 4006/584

## ECONOMIC MANAGEMENT

### SUBJECTIVE FACTORS SAID KEY TO BETTER ECONOMIC RESULTS

Tianjin TIANJIN RIBAO in Chinese 13 Jul 82 p 3

[Article by Cui Dacheng [1508 6671 2052] and Yang Lianfang [2799 6647 5364]:  
"It Is Necessary To Pay Attention to Subjective Factors in Improving Economic Results"]

[Text] In the first quarter of 1982, the gross value of industrial production in Tianjin increased by 7.9 percent over the same period last year. This is a fairly rapid increase, but a comprehensive assessment based on the national norms for the 10 principles for economic results shows that our standing among the provinces and municipalities is not high enough. There has been some improvement in the second quarter, but things are still not ideal. What is the reason? When we conduct investigations concerning the problem we discover that objective factors, especially the price factor, have a rather large effect on economic results. However, the effect of subjective factors is even more important. In the face of difficulties, some enterprises place one-sided emphasis on objective factors, and neglect to look for subjective shortcomings and solutions. For example, when the cost of a product rises, some people only talk about the rise in the cost of raw materials; they don't talk about increases in the consumption of raw materials and other expenses. When there is a drop in realized profits, some people talk only about the fall in commodity prices; they don't talk about the reasons why commodity prices were forced to drop. When commodities are overstocked, some people talk only about how fast the market changes and about the problems with plans; they don't talk about product quality, market forecasts, and problems in marketing. Some enterprises do mention subjective failures, but only in passing, and fail to recognize that these are problems in urgent need of solution. We believe that these are serious hindrances to the improvement of economic results, and that we must straighten out our understanding and conscientiously resolve these problems.

The economic life of an enterprise is always built upon a certain material base. It is inevitable that unfavorable factors will often arise in these objective material conditions. The issue is to give subjective dynamism free rein to fully use and create favorable objective conditions, to overcome unfavorable objective conditions, and to improve economic results to the maximum degree allowed by objective limitations.

Practice proves that when objective conditions are basically the same, the various regions and enterprises can achieve different economic results because they make different use of subjective dynamism. Sometimes an enterprise with less favorable objective conditions will get better economic results than an enterprise with more favorable objective conditions. In general, objective conditions for industry in Shanghai are better than in Tianjin, and their economic results are also better than ours. The economic results of over two thirds of the enterprises in Tianjin are inferior to those of similar enterprises in Shanghai. Nevertheless, the important economic results indicators of some of Tianjin's enterprises equal or surpass those of similar enterprises in Shanghai.

For example, before 1978 the products of the Tianjin Monosodium Glutamate Plant were inferior to the Shanghai products in all economic and technical indicators. After only 2 years of effort, they caught up with and surpassed Shanghai in all of the comparable economic indicators such as quality, consumption of materials, costs, labor productivity, capital employed, rate of profit on output value, etc. Is this because the Tianjin Monosodium Glutamate Plant enjoyed more favorable objective conditions? Not at all. Enterprise base: the Shanghai plant was built 13 years earlier, is the birthplace of monosodium glutamate production in China, and enjoys a long history and rich experience. Factory buildings: the Shanghai plant occupies 80 mu, or almost twice the area of the Tianjin plant. Equipment and technical level: the Shanghai plant has more principal pieces of equipment than the Tianjin plant, and the degree of automation of equipment is somewhat higher. At present they are already using electronic computers to control the fermentation process of production, while Tianjin is still using the usual instruments and manual controls. Number of staff and workers: the Shanghai plant has over 700 employees, or 14 percent more than our plant's 596. Next we shall study the question with regard to the effect of objective factors over the past few years. Falling commodity prices: both plants lowered prices in 1979, but the Tianjin plant lowered prices by a wider margin. Rising raw materials costs: here the Shanghai plant did better than ours. At the present time the Tianjin Monosodium Glutamate Plant suffers an annual shortage of 1,300 tons of grain relative to productive capacity. It is only able to obtain grain for raw material at negotiated prices, and it is estimated that this will increase expenses by 510,000 yuan in 1982. Nevertheless, the product cost is still lower than in Shanghai: in 1978 the cost of monosodium glutamate in Tianjin was higher than in Shanghai by 2.42 yuan per kilogram, but in 1981 the Tianjin cost was lower than the Shanghai cost by 1.4 yuan. In the first quarter of 1982 the cost was 0.73 yuan lower.

How were the economic results of the Tianjin Monosodium Glutamate Plant obtained? Mainly by strengthening enterprise management, but inferior management is the fundamental reason why the economic results of many Tianjin enterprises are not as good as Shanghai's. On the basis of a down-to-earth stress on unifying technical regulations and operational methods, tightening up on original entries by production teams and groups, and formulating all kinds of quality standards for raw materials entering the plant, semifinished goods, and finished products, the Tianjin Monosodium Glutamate

Plant has set up standards and accounting systems to make production control more exact and to standardize assessments of work proficiency. At the same time, the economic responsibility system has been implemented within the enterprise. Full responsibility for output quotas and standards is assigned to groups, lines, and individuals, and there are distinct responsibilities, strict checking, and clear rewards and penalties. This is further supplemented by lively ideological and political work to give free rein to the enthusiasm of staff and workers. These considerations show that subjective problems are the cause of inferior economic results in some enterprises. At the same time, they show that as long as enterprises make full use of subjective dynamism and do all kinds of work well, they can overcome objective difficulties and reach or surpass the advanced level of similar enterprises in Shanghai or other regions.

Investigations show that under given objective conditions, the key factor that determines whether an enterprise has good or bad economic results is the leading group of the enterprise and its mental attitude. According to statistics from 32 corporations of the first and second light industries, chemical industry, and other systems, unfavorable objective conditions will result in a loss of 129 million yuan in profits in 1982. However, the leading personnel of these corporations have the spirit to press forward in the face of difficulties and have identified the enormous hidden potential in their industries by comparing them with the advanced levels in brother provinces and municipalities. They have only to give free rein to the enthusiasm and creativity of the broad masses of staff and workers, and it will be possible to uncover hidden potential. According to careful and repeated calculations, if they seek out measures they will uncover profits of 187 million yuan. This will not only take care of the shortfall, but will add over 50 million yuan in profits.

Tianjin's No 4 Leather Shoe Factory provides another example. This year the 14 leather shoe factories of Tianjin's leather industry have been facing increases in the cost of cowhide and a slow market for leather shoes. While general economic results have been declining, the economic performance of the No 4 Leather Shoe Factory Plant has not only not declined but has even shown a great improvement. From January to April 1982, output value, output quantity, and profits have increased over the same period of last year by 28.5, 27.5, and 41 percent, respectively. These increases are higher than the average increases for the entire industry by 16.9, 24.1, and 39.4 percent, respectively. Besides the objective conditions, which are generally similar to those of other leather shoe factories, there are factors that are less favorable: (1) In the 3 years from 1979 to 1981, the average annual increase in output value was 12.2 percent, and the average increase in profit realized was 35.8 percent; so the base figures were rather high. (2) Most of the dies with which the plant is equipped are for men's shoes, and men's shoes constitute about 70 percent of the output quantity. The average pair of men's shoes uses 2 decimeters more leather than the average pair of women's shoes, but the average profit is about the same. (3) Except for the Tianjin Shoe Manufacturing Plant, this is the only factory which produces molded shoes. Molded shoe technology is more complex than cemented shoe technology, and the

average cost for each pair is 1 yuan higher; however, the selling price is not higher. At the beginning of 1982, the leadership at the factory analyzed the unfavorable objective factors. At the same time, they analyzed the lack of confidence among cadres, staff, and workers, in the possibility of realizing increases in output and profits. They decided that it would first be necessary to eliminate the unfavorable mental factors in order to resolve the objective difficulties. Thereupon they mobilized the masses at every level from top to bottom, and looked for shortcomings in thinking, controls, quality of work, and economic indicators. Altogether they found 14 important shortcomings. They made the cadres, staff, and workers understand that the enterprise had great untapped potential, thereby greatly increasing confidence and determination. On this basis they worked out 10 accounts and proposed two concrete measures: 1) Target a "slow market" by continuing to produce traditional loose-fitting shoes, and win the market for middle-aged and elderly consumers. 2) Practice diligence and thrift in a big way. [Two] slogans were put forward: "Keep the general goal in sight and take the daily tasks in hand," and "As long as we practice economizing by every possible means, waste material can be turned into gold, and little numbers can be turned into big numbers." By means of these two measures, it is estimated that yearend profits can be increased 445,000 yuan. The profit realized for the year would be 1.9-2.0 million yuan, which would be a 26-percent increase over last year. Some 171,000 yuan of the increase could be realized by such economy measures as increasing the proportion of materials produced in the plant itself, cutting costs, and using leftover scraps of material to make children's shoes.

We must acknowledge that at the present time, the effects of objective conditions on economic results are to be found everywhere, and that every enterprise is facing difficulties to various degrees. But how can these difficulties be overcome? The experiences recounted above tell us that only by arousing our revolutionary spirit, manifesting subjective dynamism, and finding ways by relying on the masses can we overcome difficulties and improve performance. The ways are among the masses, and the hidden potential lies in the enterprises: what matters is how we do our work. If we can do our work like the Tianjin Monosodium Glutamate Plant and the No 4 Leather Shoe Factory, we might even surpass them. So no matter how big the objective difficulties we face, in the end they can be overcome.

Over 40 years ago, Comrade Mao Zedong pointed out in a discussion on war, "The men directing the war cannot hope to win victory by transcending the limits of objective possibility, but they can, and indeed must, play a dynamic role in striving for victory within the limits of objective possibility. The stage of activity for commanders in war must be built on the objective possibilities, but they can use this stage to direct many plays which are full of sound and color, power, and grandeur." ("Selected Works of Mao Zedong," Vol 2, p 468) At the present time, most of the enterprises in Tianjin have great untapped potential for improving economic results. It is only necessary for the leaders of every enterprise to really pay attention to this problem in their thinking and give free rein to people's subjective dynamism, and there will certainly be a big improvement in economic results in our city.

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## FINANCE AND BANKING

### BRIEFS

SAVINGS IN CITIES--In the first half of 1982, savings deposits in Liaoning's cities and towns again set a new record for the period. At the end of June, all types of savings deposits in Liaoning reached a total of 2,625,820,000 yuan. Compared to the total at the end of 1981, this is a net increase of 362,87 million yuan, or 16 percent. The principal reasons for the great increase are the progressive implementation of the party's policies, the turn for the better in the national economy, booming markets, and popular confidence. [Text] [Shenyang LIAONING RIBAO in Chinese 17 Jul 82 p 1] 12187

CSO: 4006/590

## INDUSTRY

### MEASURES TO DEVELOP SHIPBUILDING INDUSTRY DISCUSSED

Beijing JIANCHUAN ZHISHI [NAVAL AND MERCHANT SHIPS] in Chinese No 7, Jul 82  
pp 1-3

[Article by Liu Fang [0491 2397]: "How Will Our Nation's Shipbuilding Industry Progress During Readjustment? -- We Must Grasp Uniformly Planned Tasks, Complete Facilities, Management"]

[Text] Since 1979, our nation's shipbuilding industry has achieved initial results in implementing the party's policy of "readjustment, renovation, re-organization and improvement." But because of the severe and mistaken leftist influence that lasted for a long time, the proportional development of the shipbuilding industry has lost its balance. The passive and backward situation has not been fundamentally changed. We must further implement the policy of readjustment so that the shipbuilding industry can move ahead steadily and according to plan on the road of combining industry and commerce, military and civilian products, shipbuilding and ship repairing, scientific research and production.

To allow our nation's shipbuilding industry to implement the general policies better and faster, I believe in the following: (1) The nation must have a policy to protect and help the shipbuilding industry. It must have "laws on shipbuilding." The state must carry out overall and unified arrangements to combine industry and commerce, military and civilian endeavors, shipbuilding and ship repairing, scientific research and production. The state must strengthen business management, pay attention to economic gain, and concretely improve the standard of scientific management. (2) We must have high-level and complete equipment for use on ships, the equipment must be for use on ships, the equipment must be of international technical standards, and we must be able to manufacture them domestically. (3) We must place scientific research and education in an important position, we must train people on a large scale, and we must quickly improve the level of science and technology. At the same time, we must concentrate "cooperative production" and we must undertake importation so that the standard of onboard equipment of military and civilian ships will continue to improve. (4) Construction of ocean platforms for oil prospecting is a new area in the shipbuilding industry. We must catch up, since we have started out late. We must engage in broad international cooperation for mutual benefit. These points, I believe, are very important factors in readjusting the shipbuilding industry.

I. Grasping Uniform Tasks and Fully Developing the Production Capabilities of Shipbuilding Are the Necessary Prerequisites for the Shipbuilding Industry To Readjust itself Well and To Move Ahead Steadily

Since the founding of the nation, our shipbuilding industry has developed greatly. It has already achieved a relatively large scale. It has 300,000 workers. Up to the end of 1981, over 10,000 ships and boats of various types had been built. Rich experience has been accumulated. In recent years, we have begun to introduce some advanced technology from abroad, and we are beginning to carry out technical improvements at several shipyards. This will establish a firm foundation for the further development and improvement of our shipbuilding industry. Our nation's comprehensive capability in shipbuilding is expected to experience even greater development. We have confidence, and we believe that in the foreseeable future, China can gradually join the world's advanced ranks in shipbuilding.

Our nation's shipbuilding potential is great and the future is bright, but certain difficulties still exist. For example, some problems exist in the management system, and the technical standards and the production efficiency are not high enough. The present production tasks are not sufficient; in particular, the production capabilities of medium and small shipyards and many accessory plants still cannot be fully developed.

We must continue to liberate ideology, open up broad avenues, strengthen planning and guidance, readjust the production structure step by step, readjust the production guidelines of enterprises, exert efforts to serve the national defense buildup, transportation and communications, development of the oceans, agriculture, fishery and people's lives, and actively develop export trade to adapt to the needs of development on domestic and foreign markets in all respects.

For this, we must do the following work well:

1. We must continue to develop and manufacture military ships.
2. We must strive to build more oceangoing vessels. Our nation now has a relatively large oceangoing cargo shipping fleet. Some of the ships are old. Each year, a definite percentage (such as 10 percent or more) needs to be renovated. The number is large. This is the largest and the most practical market for ships before us. It should also be the stable foundation for long-range plans to build ships. Therefore, I believe we must first undertake a national uniform policy for shipbuilding. We should build more oceangoing ships in accordance with need and possibility. This is a strategic problem and it should be emphasized.
3. We should actively develop medium and small vessels for coastal and inland river transportation. Our nation's coastal regions have a dense population, and the industrial production and agricultural production are developed. The economy along several major inland river valleys is also developed. As industry and agriculture, and especially agricultural production, develop, the full development and utilization of our nation's coastal and inland river conditions for transportation are necessary. Compared to land transportation, transportation by water does not occupy farmland, the consumption of fuel is low, the cost can



be reduced, and the efficiency can be improved. This is a broad market for the shipbuilding industry. We must study suitable types of vessels and methods of transportation, such as pushing barges for transport, which is an advanced method of transportation along the sea coast and on inland rivers. It can conserve a lot of steel and investment, and it is beneficial to solving the problem of foreign exchange compensation for the harbors and ships for whose use there is great demand. This has been done on the Rhine in West Germany and on the Mississippi River in the United States. There is no doubt about this.

4. We should exert efforts to build ocean platforms for oil prospecting. Besides Bohai, geophysical prospecting on the ocean shows that oil reserves in our nation's South Sea and Yellow Sea are also very rich. Some energy experts in foreign economic circles have given them a high estimate. Some even believe the reserves might be comparable to those of Saudi Arabia. There is a bright future for oil exploitation on vast expanses of the sea, and oil and gas fields with sizable yields in the ocean may possibly be built. In addition, there is also a greater international need for semisubmerged ocean drilling platforms and other deep-sea drilling and oil-extraction equipment. We have started out late, but if the few shipyards with favorable conditions along the coast can be technically improved and can join in international cooperation, there will be greater development in this regard.

5. We should develop ship repairs and technical services in a big way.

6. We should develop shipbreaking. There is a surplus of several dozen million tons of oil tankers in the world at present, so there is a lot of business in shipbreaking. If we can break up 100 200,000 ton oil tankers a year, and couple the effort with a definite amount of steel rolling, this would be equivalent to increasing output by about 3 million tons of steel. This can greatly conserve energy, and it is worthwhile economically. This is also an important aspect in opening broad avenues. We should conscientiously study and make plans. Many local shipyards and steel rolling mills can combine efforts to carry this out.

7. We must satisfy the needs of all sectors: We should actively develop non-shipboard products. We should start out from the actual situation of the shipyard and actively serve agriculture; we should serve the technical improvement of the light industry, the textile industry, the cultural and educational professions, the foodstuff industry and the medical professions. We should exert efforts to daily consumer commodities that are suitable for the market, as well as electrical and mechanical products and parts. We should develop superiority, create our own brands of products and strive for exports. Factories with favorable conditions can also utilize foreign cooperation to produce internationally famous brands of products.

8. We should develop ship exports in a big way. Up to the present, we have already filled several hundred thousand tons of shipbuilding orders, and this is only the beginning of our nation's ships entering the international market. The entry has been made and the future is good. We must grasp the developmental trend in world shipping and in ship markets in time, and further create a market for ships. We must concretely achieve quality and progress in building and delivering ships. We must reduce costs. In price and credit policy, we must

consider implementing measures favorable to expanding exports. We must complete the task according to contract requirements and meet the technical standards for exports, guarantee quality, and complete the task in time. We must gradually establish several maintenance and service agencies abroad to establish an international reputation for our nation's exported ships. Besides exporting various types of ships, our nation's handicrafted sailboats have a good international reputation.

It will be possible to export several hundred sailboats a year in the future. Also, in recent years, many nations have needed a large number of patrol boats in order to protect their 200-mile territorial waters and economic zones. Bidding for construction of such boats also has a bright future.

## II. Building Complete Facilities, Gradually Catching Up With Internationally Advanced Technical Standards, and Establishing "Domestic Production" Are the Foundations of Shipbuilding

The shipbuilding industry is a comprehensive industry. As Engels pointed out in his book "Anti-Duhring": "Modern warships are not only the product of modern big industry, they are at the same time a capsule view of modern big industry. They are a large factory floating on water." According to incomplete statistics, in our nation's shipbuilding production, there are over 20,000 items of equipment and materials uniformly distributed by the state and administered by the ministries. They cover almost all sectors of the national economy. Whether the economic and technical performance of a ship is advanced is determined not only by the materials, but it is mainly reflected by the accessory equipment.

The future for the development of our nation's shipbuilding production is good. But domestic accessories and materials still do not meet the needs of shipbuilding. Today, as science and technology rapidly develop and as production becomes more highly specialized, the production of shipbuilding materials and equipment must all be established domestically. Not to seek any help from anyone is not possible, nor is it practical or economical. It is necessary to import some materials and equipment from abroad. But we should exert efforts to do the work well. We should strive to manufacture most of the shipbuilding materials and equipment domestically. For example, importing the steel used for the body of the 20-ton crane from abroad is onefold more expensive than producing it domestically. This steel can be produced by our nation, but we do not produce it. It is a pity. To handle accessories well, we must conscientiously solve the following problems:

1. We should take many measures to produce accessories for warships and continue to make improvements. This is a major task related to the buildup of national defense. We must arrange it as a priority, carry out the work, and not make any mistakes.
2. We should acquire the ability for small-batch production of imported diesel engines for medium- and low-speed vessels using such manufacturing techniques and we should gradually make improvements on the basis of having digested such technology. Also for example, diesel engine power stations for use on platforms can burn oil and natural gas. They are used a lot. We should organize efforts in a big way to hasten production in small numbers.

3. We should solve the problem of standardization of the techniques of accessory products for ships. We should move toward international standards. The standards for our nation's products basically still follow the Soviet system of standards of the 1950's. The same is true for shipboard accessory products. Therefore, most of them do not meet current international standards. We must organize the forces of various sectors, analyze and test presently available standards, revise and supplement them, hasten the progress toward standardization, and compile our nation's uniform technical standards for accessory equipment for ships in accordance with international standards. This is a necessary condition to establish domestic production of accessory equipment.

4. We should develop renovation and replacement of accessory products for ships and produce them domestically. The way to renovate and replace them is to improve currently available products, design and manufacture new products that meet international standards and regulations, and introduce advanced foreign technology and products (including advanced products with high technical specifications which are less costly but durable). For this, the strength of concerned departments must be organized, the necessary technological facilities and means of testing established, and at the same time, we must have a fixed number of real ships for experimentation and use.

5. We should follow related agreements and regulations to actively gain international acceptance of our nation's accessory equipment produced at present. The quality of products inspected by nonshipping associations should be guaranteed by the producing factory, and the factory should issue proof of testing to gain the understanding and trust of the users.

### III. Concrete Strengthening of Scientific Management, Improvement of Economic Gain, and Full Mobilization of the Enthusiasm of the Masses of Cadres Are the Keys To Readjusting and Developing the Shipbuilding Industry

Economically developed nations all emphasize management. They call management, science and technology the three main elements of modern social production. Some people also regard management and science and technology as the two wheels of a horse cart. Management is not only an administrative and economic means, it is also a rich resource. It can be said that scientific management methods are one of the most active elements to realize modernization of enterprises. At present, various forms of the economic responsibility system are gradually being implemented in the shipbuilding industry throughout the nation. They have in varying degrees improved economic gain. In particular, some units which have too many production tasks have established rational quotas and implemented a wage system for piecework. The results have been outstanding. To better mobilize the enthusiasm of the broad masses of cadres, to continue to improve the management level, we should conscientiously summarize our own experience, and at the same time, we must learn from the advanced experience of foreign nations.

Combining the actual situation of our nation's shipyards, I believe we should concretely work hard to undertake the following work well:

1. We should establish all production activity on the reliable foundation of having primary products with a higher design quality, and place the key point of production management on production preparations. The preliminary design and

technical design for ships generally are carried out by specialized product design departments. The construction design and production design of ships are carried out by shipyards with favorable conditions (or jointly by the shipyard and the designing unit). In construction design, the product design and the production plan must be organically combined. We should unify quality control, work schedule management and daily management in one construction blueprint according to the construction schedule to serve as a guide for all operations and to directly guide production. The shipyards and institutes must jointly test the technology and blueprints acquired elsewhere. The design institutes must exert further efforts in design research and improvement of design techniques for better performance. Factories must exert further efforts to study and improve techniques and technology, production management and production design. The work of the institutes and the shipyards must be clearly separated, and each must be responsible for its own work.

2. We should organize production by section of the ship being built based on the principle of organizing harmonized and specialized production according to the ship or similarity of techniques. Different products with the same work procedure can be produced centrally. We should implement assembly line operation on this basis as much as possible in order to increase the rate of production and reduce the cost.

3. In daily production, we should control the progress of construction according to the technological flow chart for construction and carry out management according to technological stages. The technological flow chart begins at the time construction starts in the berth. It is set at "0", and this is used to arrange the construction schedule before and after construction in the berth begins. The amount of work should be distributed according to the structural types of the sections of the body of the vessel. We should guarantee continuity and balance in production throughout the shipyard to form a stable assembly line production.

4. We should establish new regulations for materials. According to the progress schedule of the technological flow chart for building ships, spare parts for each section should be analyzed according to the amount of processing required by the main technological equipment so as to determine the best number of times of supplying materials so that the work capability of the ship processing shops and the operation in the berth can be coordinated to form a continuous technological flow process from the processing of steel to the end of installing all spare parts, components and sections.

5. We should take the final precision of the whole ship as the standard, forge ahead, take the precision requirements of each component as the key and use statistical analysis to implement quality management. We must gradually popularize the method of "building ships as official business."

6. We must include warehousing work in the production flow, determine the appropriate amount of materials and dates of warehousing, reduce inventories, and at the same time guarantee timely supply.

7. We should use computer technology in designing ships and in various tasks of production management, such as materials and equipment management, work time

management, total progress plan management, quality control, wage management, cost management, etc. Some of our shipyards have already begun to utilize it, and this must be gradually popularized.

8. We must place scientific research and education in important positions. In implementing scientific management, we must emphasize the function of science and technology and we must closely combine scientific research and production. We must continue to use new technology, new techniques, new materials, and carry out technical improvements and equipment renovation step by step and in a key way. To push forward the development of our nation's shipbuilding industry, we must broadly provide training of all personnel and train a strong Red and expert shipbuilding team.

9. We should protect the development of the national industries, follow the examples of some other nations, implement protective policies and policies of assistance for the shipbuilding industry, and begin to establish a "shipbuilding law of the People's Republic of China."

10. To better strengthen planning and guidance, we should organize and draw up more concrete long-term plans for shipbuilding when we possess the capabilities to promote the coordinated and healthy forward development of the shipbuilding industry and related industries. Concerned departments should estimate the need for major warships and oceangoing cargo ships within the next 3 to 5 years early, and organize production more according to plan by evaluation and by implementing economic contracts.

Of course, we have not talked about every aspect of scientific management. There are many other important tasks that we must accomplish to truly strengthen scientific management, fully mobilize the enthusiasm of cadres and the masses, develop potential, improve economic gain, reform the economic management system, utilize economic methods to develop production management activities, and reorganize enterprises on an overall basis. This article will not discuss them one by one here.

In general, we must further implement the policy of readjustment, undertake uniform tasks, complete facilities and management, and accomplish related work well to courageously march forward in unison and in high spirits to rapidly develop our nation's shipbuilding industry.

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CSO: 4013/147

## INDUSTRY

### POLLUTION IN FUSHUN CONTROLLED

Shenyang LIAONING RIBAO in Chinese 21 Aug 82 p 2

[Article by Zhong Chu [0112 2806] and Jing Fu [2529 1381]: "Great Results Seen in Control of Pollution in Fushun During the Past Three Years"]

[Text] The city of Fushun has coordinated work on protecting the environment and comprehensive utilization. They have not only reduced urban pollution and protected the people's health, but they can recover on a yearly basis, also kerosene, carbon black, cement, hydrochloric acid, sulfuric powder and other materials worth over 11 million yuan.

In order to control pollution in the Fushun section of the Hun River, Fushun city set up a Hun River pollution control unit. In the past 3 years, they have arranged 28 projects to control water pollution. They have already put 24 into production so that this year the amount of polluted water draining into the Hun River has decreased by 11 percent compared to 1979. The amount of suspended matter has also decreased by 15.4 percent. Of the nine tributaries of the Hun River, three have been cleaned up and the level of pollution in three others has decreased noticeably. In May of this year, at Fushun's western strip mine, a coal washing precipitating tank and drainage pipelines were built. In one year 30,000 tons of coal dust can be recovered so that water in the Gucheng River is clean and can be used to irrigate 100 mu of paddy fields. They also stopped production in the Hongtoushan mine and at eight other polluting sources along the upper reaches of the Dahuofang reservoir. They modified production in two and in the other seven plants they built nine sewage treatment units. As a result, the quality of water in the Dahuofang reservoir reached the standards set by the state.

Fushun coordinated work on controlling air pollution and on comprehensive utilization. They opened up many fine channels for changing waste into valuable materials and for changing environmental pollution into public benefits. They made use of production surplus heat in electric plants and steel plants to produce hot water and steam for public use. They also used flammable gas released by petroleum plants and carbon black plants to replace industrial fuel. They recycled cement dust to increase the output of cement. They recycled poisonous gases to produce chemical products. They recycled gas released into the air in mines to augment coal gas in

cities. In the past, Fushun's No 2 Petroleum Plant used to release 5.6 billion cubic meters of dry distillation gas per year which caused severe air pollution. In the past 3 years they have built equipment for utilizing this gas. Not only did they eliminate their pollution of the air, they can now conserve over 20,000 tons of fuel oil.

The Fushun Municipal CPC Committee and the municipal government have earnestly carried out the state award policy regarding the comprehensive utilization of the "three wastes." They have aroused enterprise initiative so that the utilization rate of waste residue has increased year by year through the city. According to calculations of current utilization of waste residue, each year it will take up 330 mu less of land.

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CSO: 4006/003



## INDUSTRY

### DEVELOPMENT OF PACKAGING INDUSTRY URGED

Taiyuan JINGJI WENTI [ECONOMIC PROBLEMS] in Chinese No 6, 25 Jun 82 pp 40-41, inside back cover

[Article by Li Wenjin [2621 2429 6651], Shanxi Province Economic Committee: "Develop the Packaging Industry and Increase Economic Effectiveness"]

[Excerpts] Development of the Packaging Industry and Its Place in the National Economy

Since Liberation our country's packaging industry has developed greatly in response to the development of other industries. The industry is currently divided among light industry, foreign trade, commerce and many other industrial departments, including its component areas such as decorative packaging, packaging materials, containers, packaging equipment, package printing and auxiliary industries. According to incomplete statistics from the light industry departments, the gross output value of our country's packaging industry is 4.0 billion yuan, or 0.6 percent of the gross output value of the national economy. There are 2,500 packaging enterprises, with more than 420,000 employees. There is a certain packaging industry base in this province; according to incomplete statistics there are a total of 73 independent accounting packaging enterprises at the county level and higher, with 19,500 employees. The industry's gross output value in this province in 1981 was 160 million yuan, or 1.48 percent of the province's total industrial output.

The packaging and decorative packaging which the industry produces have already become an important component of commodity production in modern economic life. In a certain sense, the quality of packaging is an important indicator of a country's technical and manufacturing standards. Good packaging can do a great deal to promote the development of production and is an important way of raising economic effectiveness; at the same time, it is an effective way of increasing export, capturing international markets and increasing competitiveness. Thus developing the packaging industry is of great importance for developing our country's international trade and capturing international markets.

#### Main Problems of the Packaging Industry

The national packaging industry is far below world standards, and our province is even farther below the national level. The main deficiencies are as follows.

1. There are few varieties and limited quantities of packaging products, there are many gaps, and the industry is far from being able to satisfy the requirements of production development. Our province's packaging enterprises can produce only a few ordinary packaging products, such as dispenser bottles for domestic sale, paper boxes, plastic wrapping film, plastic woven tape, and some metal cans. Many other packaging products cannot be produced here and must be imported or obtained from other provinces. The enterprises subordinate to the province's pharmaceuticals office require 2.80 million glass medicine bottles a year, 7 million large liquid transport bottles, 9 million Xilin bottles, and 150 million ampoules, all of which are obtained from other provinces. Our province needs 6 million bottles a year for its export alcoholic beverages, and through 1980 it obtained them by import; last year it did not import them, but they still had to be obtained from other provinces.

2. There is a serious shortage of packaging materials, and available materials do not meet the requirements for development of the packaging industry. Last year all of the paper used to wrap the province's export products (kraft paper and cellophane) was imported or obtained from other provinces. The amount imported was 7,020 tons, and the amount obtained from other provinces was more than 1,000 tons. In addition to export products, wrapping of other products manufactured in this province requires 16,000 tons of kraft paper annually, while the province's production capacity for this paper is only 10,000 tons, so that the rest must be obtained from other provinces; generally there are still shortages. The tinplate used in the production of printing plates, the sodium carbonate used in making glass bottles and jars, the polyethylene used in making plastics and the like are all in very short supply, and we still entirely lack the composite tape, composite paper boxes and composite bottles which are now in extensive use worldwide.

3. Technology in the packaging processing industry is outmoded and the products are of inferior quality with high prices. The packaging products which we produce are mostly low-grade products; we produce no cheap, attractive, high-quality products. The quality of the bottles which we produce for alcoholic beverages has long been unsatisfactory; the designs are obsolete and have not been changed for decades. They cannot meet the requirements for packing export alcoholic beverages, so that the world-renowned Fenyang spirits and Bamboo-Leaf Green Liqueur still have to be packaged in bottles obtained elsewhere. We have still not succeeded in supplying sufficient numbers of food jars of sufficient quality. Because of poor technical capabilities and management, not only is it impossible to produce certain products, but even if they were produced they would consume large quantities of materials, have high production costs, be of low quality and not be competitive.

4. The design and printing quality of decorative packaging are poor. The province has few packaging designers; although the light industry office, the Second Ministry of Machine Building office, the foreign trade office and other main organizations have specialized decorative packaging design organizations, they have few personnel and their capacities are inadequate. Other systems and industries still have no specialized decorative packaging

design organizations or personnel. The only organization in the province for trade mark printing is an offset shop in the Taiyuan Printing Plant, whose equipment and technical capabilities are so inadequate that it cannot meet the needs of trade mark printing.

5. The main economic and technical indicators for production of the main packaging materials are outmoded. According to statistics, in 1980 the province's coal consumption rate per ton of ordinary glass produced was 3.03 tons, which was 2 tons higher than the national average and 2.41 tons above the best figures nationwide. The profit on the manufacture of 100 yuan worth of paper is 9 yuan in this province, 6 yuan lower than the national average and 12.6 yuan below the best figures nationwide. The profits tax paid on 100 yuan worth of plastics processing is 5.6 yuan in this province, 6.2 yuan lower than the national average and 16.1 yuan lower than the best figures nationwide. The amount of circulating capital required for 100 yuan worth of output value is a choking 34.6 yuan here, 13.6 yuan higher than the national average and 24.5 yuan above the best figures nationwide.

#### Succeed in Improving the Economic Effectiveness of the Packaging Industry

In his speech at the National Industry and Communications Work Conference, Premier Zhao Ziyang stated that improving economic effectiveness should be the central focus and guiding idea in economic work. Effective work in products packaging is a major way of improving economic effectiveness in the national economy.

First, increasing awareness of the importance and urgency of effective work in packaging is a pressing problem of key importance.

Packaging is a continuation of commodity production: only with packaging can the product enter the consumption domain and become a commodity, thus realizing its value and utility value. Packaging and decoration are the face of the product, serving to protect, beautify, advertise and sell it. Some people say that package decoration is a "silent salesman" on the shelves and is a link in the production-circulation-consumption chain. As the people's condition of life continues to improve, the masses' demands regarding packaging are continually rising. In other words, the people not only require good product quality and a low price, but an attractive external appearance as well. Currently, how well similar products with similar prices sell depends on the quality of their packaging and decoration. If they are well and attractively packaged they sell rapidly and in large numbers; otherwise they sell poorly or not at all and become overstocked, losses. The situation of "first-class product, second-class packaging, third-class price" generally results from poor packaging.

Because our country's packages and containers are of poor quality and many types of packaging are quite primitive, breakage losses are rather shocking. A rough estimate by the National Packaging Technology Association is that every year losses of industrial and agricultural products nationwide resulting from poor packaging amount to nearly 10 billion yuan. A survey by the foreign trade departments indicates that because of outmoded packaging

of our export products we lose at least US \$2 billion a year. What a pity it is, after all the labor which goes into the process of making the starting material into a finished product, if poor packaging brings all this effort to naught. Clearly, effective product packaging is a very realistic way of adding to our wealth.

But many leaders and other comrades are not sufficiently aware of the importance of the packaging industry and of improving packaging, but feel that it is only required that there be enough of the product. They do not accord sufficient importance to packaging and do not understand what great losses from breakage and spoilage during transport result from poor packaging. They do not understand how serious it is that poor packaging prevents our export products from earning a good price and even keeps them out of world markets, thus harming our economic interests and our country's reputation. They should realize that the packaging industry is a new, low-investment, fast-return, high-employment, low-energy-consumption industry and a major activity which is instrumental in increasing economic effectiveness and increasing national income and in determining whether the four modernizations can be implemented soon, and which affects everyone's livelihood. They should cooperate to make a success of the packaging industry.

Second, we must establish a packaging industry system and speed its development.

In the industrially developed countries packaging has already become a complete, independent industrial system, while in our country it is attached to the light industry, foreign trade, commerce and other departments. Because of an overgrown hierarchy of leadership and research organizations in the packaging industry, its efficiency is low, and individual organizations go their own ways, hinder each other and limit the development of the industry.

As the final link in commodity production, packaging should be completed by the producing plant. But for some time, because many products have had little or no packaging, production and packaging have become separated, producing duplication of labor, harming product quality, violating hygiene requirements, and creating unnecessary waste and loss.

The laws of modern packaging tell us that the packaging industry is an integrated industry and an industry with a strong service orientation, that the production process has wide-reaching influence, that it is the last production step in other industries, and that production and circulation in many industries are inseparable from it, so that it should not be attached to any one industry or specialized department, but should be managed by a coordinating organization which cuts across the individual industries and departments; otherwise it will suffer as a result of objective economic laws.

Improving packaging inevitably increases product costs; this is a problem which merits attention. At present, because our people's standard of living and of consumption are rather low, while improving product packaging we must also consider how to rationalize it. In other words, we must consider how to make packaging protect products and suit them to circulation and distribution, how to make it convenient for the consumer and how to make it stimulate the

market, but must also take full account of the current level of consumption, rather than blindly increasing packaging costs. In the case of export commodities, in order to meet the continually changing needs of world markets we must continually improve and change our packaging. In order to decrease costs, given the current shortage of materials for the packaging industry we must also consider the recycling of packaging and conservation of resources and energy, so as to develop resource-saving, energy-saving, non-polluting packaging.

Third, we must train technical personnel to improve packaging technology.

The modern packaging industry is an integrated field of science which takes in chemical engineering, mechanical engineering, electrical engineering and automatic control as well as economics, enterprise management, art, psychology and many other disciplines. Only if it has a technical contingent which includes the full range of specialists can it meet development needs. Our country's current technical manpower, including technical personnel in packaging design, research, intelligence, mathematics and the management departments now accounts for only about 1 percent of personnel in the packaging industry; in this province the figure is even lower. This is quite insufficient to meet the development needs of the packaging industry and is one of the main difficulties which the industry faces in its development. Thus speeding up the development of the industry, the training of personnel and the development of the industry, the training of personnel and the development of a specialist contingent are tasks which cannot be deferred.

8480

CSO: 4006/580

## CONSTRUCTION

### PROMPT COMPLETION OF HOUSING CONSTRUCTION URGED

Tianjin TIANJIN RIBAO in Chinese 21 Aug 82 p 1

[Article by Hao Baohua [6787 1405 5478] and Zhen Yuhe [6774 3768 3109]:  
"We Must Ensure That 2.88 Million Square Meters of Housing is Made Available  
This Year"]

[Text] On the morning of August 20th, the municipal people's government convened an on-the-spot management meeting in the newly opened Ti Yuanbei residential district. The special topic was to study problems this year in our municipality concerning housing support projects, to unify understanding, centralize arrangements and make every effort to ensure that in the next four months they will complete 3.2 million square meters of housing for this year and that over 90 percent of support systems will be completed so that they can make available and assign 2.88 million square meters of housing. This will enable them to solve the housing problem for displaced persons, honor promises to return houses and gain the trust of the people.

The meeting was presided over by the acting mayor, Li Ruihuan [2621 3843 3883]. The meeting was also attended by Wu Zhen [0702 2182], the deputy mayor, Lu Xuezheng [7627 1331 2398], the secretary general and leading comrades in concerned committees, districts and bureaus, as well as construction development firms and other units.

Leading comrades in the municipal government listened to Wu Ming [2976 2494], director of the Construction Industries Bureau, give a report on the conditions, problems and suggested solutions for implementing general contracts for support projects in the new Ti Yuanbei residential district and for ensuring improvements in the completion rate of support projects. They also listened to Bai Hualing [4101 0553 1545], vice chairman of the Construction Commission, give an account of residential support projects for this year in our municipality.

This year from January to July the state of housing construction in our municipality has been better than in previous years. The pace of ground work construction has been rapid, and it is of high priority and excellent quality. It is estimated that 3.2 million square meters of projects will be completed and that the entire project can be made available before the end of the year, each concerned unit is concentrating on the construction of public

construction projects, municipal government projects for public use and water and electricity support systems. There are 400,000 square meters of public construction projects planned for completion this year. At present work has already begun on 320,000 square meters. Of this, approximately 70,000 square meters involve completed groundwork construction and installation. Municipal government projects for public use and drainage and electric support systems in 10 newly opened residential districts have advanced at a fairly rapid rate. This year there are 35 tracts of land and 70,000 square meters of residential construction that have implemented general contracts for support projects. Contracts for water supply lines and sewers within neighborhoods have been undertaken by individual construction units, greatly reducing the volume of work for the specialized installation bureaus. However, according to last year's patterns, the majority of residential earthwork construction projects were completed in October or November and only a handful were completed in December. This gave rise to concentrated work in support projects and heavy duties all within a short period of time. If we do not concentrate on this area of work, we will be unable to meet the projected level of completed construction. If work on support systems cannot keep up there will be large amounts of completed capital construction yet few people will obtain housing the same year. This will affect the progress of rebuilding and reconstruction work that has taken place during the past 3 years.

The meeting analyzed problems regarding support projects. For example, of the 21 independently financed joint construction areas, the majority are located at the periphery of the urban district in areas lacking municipal public installations. The planning, design, construction and material needs for support projects have not yet come into being. In the city, the number of projects in two multi-storied apartment buildings, such as indoor heating, the installation of elevators and the renovation of pipelines is relatively high. Electric cables, switch boxes, distribution boxes and other installation materials and supplies do not meet construction demands. There are many difficulties and tasks are extremely arduous. In order to fulfill the tasks of capital construction and improve investment benefits, it is necessary to rely on the hard work of all trades and professions and to strive to display the spirit of last year to "fully mobilize, spare no effort and all go into action."

The meeting stressed that it is necessary to unify understanding, particularly to improve the understanding of leading cadres at all levels regarding "completing support projects." The entire municipality must resolve the problem of earthquake relief housing and consider the economic benefits of society as a whole. We must give full play to our respective subjective activity, reduce construction time and improve the utilization rate of completed construction. The municipal Construction Commission resolved to strengthen support project units and to restore the system of regular weekly management meetings. They called on district and county bureaus to set up leadership for support project groups, to focus on on-the-spot management guidance and to promptly solve contradictions in overlapping construction. This year the time set for the general completion of housing construction is



still the end of November. For certain buildings the earliest date of completion is the first 10 days of December. It is estimated that completed residential construction will peak in October or November. Therefore, in order to ensure the construction time for support projects, units in charge of support projects must squeeze in construction a month ahead of time. Civil construction, municipal government and transport control sectors must coordinate their actions and make a contribution to ensuring that support systems in 2.88 million square meters of housing is made available by the end of the year.

9864

CSO: 4006/003

## CONSTRUCTION

### HOUSING CONSTRUCTION IN SHENYANG INCREASING

Shenyang LIAONING RIBAO in Chinese 21 Aug 82 p 2

[Article by He Shanzhen [0149 3790 3791] and Liu Kewen [0491 0344 2429]:  
"Housing Construction in Shenyang During the Last Four Years Reaches 4.44  
Million Square Meters"]

[Text] Since the party's Third Plenary Session of the 11th Central Committee, Shenyang Municipality has built a total of 4.44 million square meters of residential housing. This is 2.5 times the amount built during the past decade. Over 100,000 residents have moved into the new housing and the crowded living conditions of city residents has gradually been alleviated.

In the past several years, the municipal CPC committee and the municipal government have set down resolutions to raise funds in various sectors. They used 60 percent from local financial resources and funds raised by enterprises to build residential dwellings. In the past 4 years they have built 12 small residential areas including Taishan, Beiling, and Wulihe. At present, out of the 14 large cities throughout the nation, Shenyang now ranks fifth in per capita living space.

While building these small residential areas, Shenyang has strictly adhered to city plans, building both residences and support projects. They have built single room, two room and three room household apartments. Each apartment has running water and central heating. Each household has a private bathroom and kitchen. In some of the small residential areas there are even schools, hospitals, stores, restaurants and recreation areas, for the convenience of the people.

Some of the residential areas in Shenyang were built before liberation. They are crudely constructed and of inferior quality. Garbage is piled up all around and sewage is overflowing. Leading comrades of the municipal CPC committee went to visit certain unsafe residential districts. They learned about dwellings that were on the verge of collapse and about slum dwellings. They organized concerned departments to make on-the-spot studies of plans for reconstruction and plans to repair hazardous buildings, and to ascertain the cost of special projects. By using methods such as on-the-spot rebuilding and thorough reconstruction they have repaired a total of 150,000 square meters of unsafe housing during the past 4 years. They also

transformed the old slum areas and built 38,000 square meters of residential areas such as Dongshun, Wanquanli and Gangweili. Eight hundred families have moved into the new buildings. The residents who moved into the new building in Gangweili hung a two line red character sign from the fourth story to the second story which read: "Living in new quarters, we constantly think of the consideration of the party and the government. Having moved into new housing, we will strive to make a contribution to the establishment of the four modernizations."

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CSO: 4006/003

## CONSTRUCTION

### NEW CONSTRUCTION WORK IN TIANJIN ENCOURAGED

Tianjin TIANJIN RIBAO in Chinese 18 Aug 82 p 1

[Article by Li Dezhong [2621 1795 1813] and Yang Jianhua [2799 1696 5478]:  
"Bureau of Construction Materials Takes on Heavy Burden to Build Up Tianjin"]

[Text] In order to ensure the needs of our municipality in capital construction, the municipal Bureau of Construction Materials Industries made every effort to increase production and to actively organize allocation and transportation. Production achieved a relatively high rate of development and fine economic benefits resulted on all sides. From January to July production in construction materials industries and the supply of building materials reached the highest level in history. The gross production value in the whole industry increased by 9.7 percent and paid-in profits increased by 27.32 percent. Major building products such as cement, plate glass, aerocrete and sanitary ceramic also increased substantially. In all, 6.54 million tons of lime mortar were allocated, an increase of 27 percent over the same period last year. The uniform distribution of construction materials by the state also exceeded planned allotments. They were able to basically meet the needs of the entire municipality in key capital construction projects.

This year capital construction tasks have been the heaviest. With the addition of the project to divert the Luan River, the demand for construction materials far exceeds the level of previous years. Staff and workers in all areas feel that their responsibilities are onerous. Recently, in order to carry out the spirit of the national symposium on enterprise reorganization work and the spirit of the July 27th conference for district and county bureaus and for leading cadres in industrial enterprises convened by the municipal CPC committee and the municipal government, this bureau successively convened an enlarged meeting for bureau and party committees and a meeting for secretaries of firms and major plants. They analyzed the conditions of the past 7 months and discovered existing problems. In view of the actual conditions in the latter half of the year such as being short of time for work in the production and supply of construction materials, having heavy duties and numerous difficulties, they formulated specific measures to tap potential in the production of construction materials and in the supply of goods in every possible way. They ensured the fulfillment of capital construction tasks throughout the city and actively welcomed the party's convening of the 12th NPC.

In order to increase the amount of construction materials that were in short supply, the bureau mobilized cadres, staff and workers to formulate measures to increase production. In particular, urgently needed construction materials such as cement, plate glass, steel window frames, sanitary ceramic, asphalt felt and machine made bricks have all one by one fulfilled plans for increased production. The leadership at all levels in the bureau have transformed their work style and improved their organizational management of production, instituting daily situation, each ten day period analysis and monthly goal reports. At the bureau's management meeting they replied then and there to questions brought up by enterprises. Concerned departments were instructed to find solutions for the questions that they could not answer on the spot. Answers would be supplied at the next meeting so that they would be able to improve work efficiency.

In light of the weak links in the supply of construction materials, the bureau strengthened their ties with railway transportation sectors. They advanced the date of starting shipments by special train of sandstone from Ji County to Hangou, thus ensuring that the daily shipments of limestone were over 30,000 tons. In addition to resources already available, they assured the availability of 110,000 tons of cement and sand resources from other parts of the country. They also strengthened their capacity for loading trucks in sandstone producing areas and unloading within the city to guarantee that in the second half of the year the distribution of sandstone would exceed 5 million tons.

The bureau resolved that by tapping potential and reducing expenses they could ensure that the newly increased quotas of the municipal CPC committee and the municipal government for paying in profits would be met.

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CSO: 4006/003

## FOREIGN TRADE

### BRIEFS

CRACKDOWN ON SMUGGLING--In the first half of 1982, the Shanghai Customs has strengthened its cooperation with public security, industrial, commercial, taxation, and other concerned departments to catch smugglers and sellers of contraband, and to crack down on serious criminal activities in the economic sphere. Initial victories have been reported: Altogether, 1,280 cases of smuggling and contraband sales have been uncovered, involving goods valued at 5,133,075 yuan. Sixteen cases were big cases involving goods valued at over 10,000 yuan. This shows that the number of big cases uncovered by Customs has increased, and that the rate of success in cracking cases has improved. At the same time, it reflects the seriousness of smuggling in the economy and clearly demonstrates the importance and urgency of cracking down on serious criminal activities in the economic sphere. On the morning of 29 July, in order to strike another blow at serious criminal activities in the economic sphere, the Shanghai Customs party committee held a conference to exchange experiences in catching smugglers and cracking down on serious criminal activities in the economic sphere. The conference called for continued efforts to go after the big, important cases, and emphasis on uncovering smuggling cases of a commercial nature involving domestic-foreign collusion, which are especially dangerous, pernicious, and difficult to uncover. Besides the economic confiscation of smuggled goods and the imposition of fines, those who are guilty of serious smuggling activities must be turned over to judicial organs to investigate and affix legal responsibility. [Text] [Shanghai JIEFANG RIBAO in Chinese 5 Aug 82 p 1] 12187

CSO: 4006/590

GENERAL

FLOODWATER DIVERTED FROM RIVER TO RELIEVE TIANJIN DROUGHT

Tianjin TIANJIN RIBAO in Chinese 8 Aug 82 p 1

[Article by Li Engong [2621 1869 1872]: "Floodwater from Zhanghe and Weihe Rivers Diverted via Nanyunhe Canal to Our City"]

[Text] Torrential rains fell in northern Henan in late July and early August, and flood crests appeared in the upper reaches of Zhanghe and Weihe rivers. The leading comrades in the State Council directed that part of the flood water be diverted to our municipality through the Nanyunhe [South Canal]. It is anticipated that the peak of flow would reach the Jiuxuan sluicagate of Jinghai County in our municipality around 8 August midnight.

Both Zhanghe and Weihe belong to the Haihe valley and the Nanyunhe water system, and the natural flow of water is through Nanyunhe. Because of the heavy rains in northern Henan, however, there are still 800 million to 1 billion cubic meters of water, left from the retained portion in Yuecheng Reservoir, to be discharged through Weihe and Nanyunhe at the rate of more than 12 million cubic meters per second. The Nanyunhe Canal is narrow and is far from adequate for the passage of the water now at the upper reaches. To ensure the safety in both banks, it was decided that the major portion of the floodwaters should flow into the Sinuji flood-relief channel near Dezhou Municipality in Shandong and the Jiedi flood-relief channel near Cangzhou Municipality in Hebei, before being discharged into the sea. At the same time, in compliance with the instructions from the leading comrades in the State Council, the Ministry of Water Conservancy and Ministry of Electric Power have also planned for part of the water to be diverted to our municipality. At 2100 hours of 4 August, the Sinuji sluicagate of Nanyunhe canal was opened to let the water pass.

In order that the water could be properly received, Vice Mayor Li Duanhuan [2621 4551 3883] of our municipality personally studied the plans for water storage, and decided that after the water is received via Nanyunhe, part of it will be transferred to Haihe and the major portion will be stored in Tuanbowa reservoir and Duliu flood-relief channel. The governments in Jinghai County and Dagang Ward are now actively clearing the water supply channels, while the water conservancy departments are testing the machinery equipment for the sluicegates and water-pumping stations. The relevant departments believe that since the water supply this time is limited, the work of water conservation in our municipality has still to be tightened.



## GENERAL

### SERIOUS ECONOMIC CRIMES TRIED IN TIANJIN LAW COURTS

Tianjin TIANJIN RIBAO in Chinese 29 Aug 82 p 1

[Article: "Verdicts Passed on Four Cases of Serious Economic Crimes in Our Municipality"]

[Text] Yesterday morning, a meeting was held in the People's First Cultural Hall by the municipal intermediate people's court to pronounce judgement on four cases of serious economic crimes in which Liu Deyi [0491 1795 5030], Zheng Guodong [6774 0948 2767], Huo Hongwang [7202 3163 2489], Deng Yunfeng [6772 0061 1496] and five other persons were implicated.

Swindler Liu Deyi is a commune member in Liu Shuangquan Production Brigade of Dongxindian Commune in Qingyun County, Shandong. From February 1981 to January 1982, he pretended to be a member of Qingyun County Commercial Bureau and claimed that he could act as a commission agent in selling wire rods, timber and plastic wares. He has on different occasions cheated 12 different units, including Yaopan Production Brigade and No 11 Color Fabrics Mill in Jinghai County and the Hebei Provincial Industry College, a total amount of 318,000 yuan. The victims of swindling have recovered a total amount of 172,000. After the case was filed against them another amount of approximately 22,000 yuan in money and in kind was recovered. Liu had spent some 24,000 yuan. According to law, he was given a 15-year sentence. Liu Kuiyuan, [0491 1145 0337], formerly a receiving clerk in the warehouse of plastic wholesales department of the Municipal Department Store, collaborated with Liu Deyi in swindling and received 700 yuan of illicit money. He was sentenced to 2 years' imprisonment.

Veteran swindler Deng Yunfeng was a worker in No 3 Steel Rolling Plant. In 1951, when he was the CYL secretary in Hengda Flour Mill, he already received a 5-year jail sentence for swindling and other crimes. In 1968 and 1975, he again received jail sentences of 8 and 2 years respectively for stealing and other crimes. From September 1979 to March 1982, he pretended to be a responsible person of a native products import and export company and offered to supply the necessary equipment to the rural communes and production brigades for setting up sideline production. He cheated nine units in Shandong Province, Hebei Province, and Wuqing County and Jixian County of this municipality, a total sum of 24,707 yuan. Except for the recovered amount of

6,640 yuan, all the money has been spent by him. He also cheated the communes and production brigades large quantities of rice, peanuts, spices and other agricultural sideline products. He was sentenced to 14 years' imprisonment according to law. His accomplice Deng Guoqing [6772 0948 1987] was an employee of the municipal native products import and export company. He took part in Deng Yunfeng's swindling by abusing his official position, and was given a 6-month jail sentence.

Huo Hongwang, who was guilty of corruption, speculation and profiteering, was an attendant in a comprehensive plant in Fuzhuang Commune of Fengrun County. From December 1979 to April 1981, he misappropriated 1,802 yuan from the sales proceeds. In July 1981, in the name of the commune comprehensive processing plant, he privately signed three contracts with a cigarette factory, a coal mine machinery plant and the construction engineering bureau in Zhangjiakou on transactions totaling 66,080 yuan. He bought the goods at low prices and then sold them at high prices and, through speculation and swindling, he made an illegal profit of 13,000 yuan and has spent most of it. He received a 10-year jail sentence according to law. His accomplice Liu Chunshan [0491 2504 1472] was a bookkeeper in Fangjiazhuang Credit Cooperative in Baodi County. He supplied Huo with a bank account number with which to draw money from the credit cooperative. In collaboration with Han Wanyi [7281 8001 5030], who was found guilty of corruption, he changed the 23,000 yuan originally intended for buying asphalt from the material supply department of Zhangjiakou Construction Engineering Bureau, into 24 personal bank deposits, to be later withdrawn by Liu at different times. Huo obtained 13,000 yuan and 1,000 yuan was later recovered from Liu in money and in kind. Han received a bribe of 100 yuan. Liu Chunshan, found guilty of corruption, was sentenced to 5 years' imprisonment. Han received a 2-year jail sentence which was suspended for 2 years. Liu Shucui [0491 3219 5050] was an accountant in the Fangjiazhuang Office of the Baodi Branch of the Bank of Agriculture. She could not resist the sweet talks of Liu Chunshan and let him withdraw his money even though the withdrawal did not correspond to the state's financial system. She received a bribe of 100 yuan. Because of her repentance, she was not indicted.

Zheng Guodong, found guilty of illegal transactions in foreign currency was the deputy secretary of the administrative section party committee of Tianjin No 2 Electronic Instruments plant. From August 1980 to early 1981, he visited various parts of Guangdong Province and illegally bought imported motor cars. The money for the purchase was first remitted to the chemical-industry plan of Heilongjiang Production Brigade in Nanpi County, and 60,000 yuan in cash was later taken out to be handed over to a Hong Kong smuggler named Guo Shuozhi [6753 6141 1807] (already apprehended) to be illegally changed in to Hong Kong dollars for the purpose of smuggling. It was later discovered by the customs. Zheng helped smuggler Guo Shuozhi sell smuggled wrist watches and accepted gifts of wrist watches and clothing from the smuggler. Zheng Guodong was given a 3-year jail sentence according to law.

9411

CSO: 4006/648

GENERAL

PUBLIC SECURITY BUREAU NOTICE ON HANDLING GASOLINE COUPONS

Tianjin TIANJIN RIBAO in Chinese 9 Aug 82 p 3

[Text of Joint Notice by Tianjin Public Security Bureau and Tianjin First Municipal Commerce Bureau No 2-483 (82) of Tianjin First Commerce Concerning Provisional Measures for the Use of Gasoline Coupons Printed and Issued in the Second Half of 1982]

[Text] In order to further strengthen and improve the control over the sales of finished petroleum products, and to combat and guard against the illegal deeds of selling gasoline coupons in the society, the following provisional measures, already approved by the Municipal Finance Commission, has been adopted concerning the use of gasoline coupons in the second half of 1982:

1. All units in possession of gasoline or diesel oil coupons should affix the official stamp of their own units or the stamp of their department in charge on the back of the coupon on drawing gasoline or diesel oil; otherwise the coupon will not be honored.
2. The attendants of refueling stations should check the stamp on the back of the coupon against the license plate of the vehicle to be refueled to be sure that the name shown in both places is the same, and then issue the gasoline according to the tank capacity. No extra should be supplied as a matter of principle. Then a corner of the coupon will be cut off in the presence of the driver in order that the coupon will be voided.
3. If there is any discrepancy between the name on the back of the coupon and the name on the license plate, the attendant should refuse to refuel the vehicle and trace the source of the coupon.
4. In controlling the sales of oil or finished oil products, we must rely on the close coordination and strong support of the oil consumer units. Therefore, we hope that all units purchasing gasoline will set up a sound system of control over the purchase, custody and issue of coupons, with some person specially responsible for checking them. They should observe the regulation of "issuing coupons for the right amount of gasoline according to the task requiring the use of the car, the mileage to be covered, and the rate of gasoline consumption" so as to guard against private sales by a small number of persons trying to benefit themselves at public expense, thus bringing chaos to the market.

5. Those units using a large number of coupons and having regular tasks which call for frequent runs, can contact the retail sales centers of the Municipal Petroleum Company for the handling of gasoline coupons on their behalf. This will help reduce the number of coupons in circulation.

These regulations should be carried out by all refueling stations in the downtown area, the suburbs and all counties beginning 10 August.

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CSO: 4006/648

## GENERAL

### FUJIAN'S ECONOMIC SITUATION TERMED GOOD

Fuzhou FUJIAN RIBAO in Chinese 16 Jul 82 p 3

[Article by Gu Deqi [7357 1795 3823] and Xin Shimin [2946 1102 2404]: "Correct Understanding of the Economic Situation"]

[Text] At the present time, is Fujian's economic situation good or bad? The answer is that it is good. Concrete indications may be seen in the following areas:

First, industrial and agricultural production are developing fairly rapidly. From 1978 to 1982, the gross value of Fujian's industrial and agricultural production increased by 30.6 percent: agricultural output value increased by 25.9 percent, while industrial output value increased by 33.3 percent. The average annual rate of increase of the gross value of industrial and agricultural production over 3 years has been 9.3 percent. This is the fastest rate of increase in Fujian's history.

Next, in the past 3 years Fujian has achieved a financial balance between revenues and expenditures with a slight surplus. Commodities are more abundant in the markets, and prices are stabilizing. Excessively large-scale capital construction has basically been brought under control.

Furthermore, the national economy has started to get on the track of stable, healthy development. It is taking a new path with a more realistic speed, better economic results, and more real benefits for the people.

As the economy has developed, the people's livelihood has improved. Peasant income has increased year after year. According to an investigation of the household budgets of commune members, from 1978 to 1981 the average net per capita income increased by 31.7 yuan. This represents an average annual increase of over 15 percent.

The incomes of staff and workers have increased. According to investigations of household budgets of staff and workers, in 1981 the average monthly per capita living expenditure was 38.6 yuan. This is an increase of 46.8 percent over the 1978 figure of 26.3 yuan. After adjusting for price inflation, the

real increase is still 30.8 percent. The important reasons for this are an increase in the number of persons employed, a decrease in the average number of persons supported by each employee, and an increase in employee wages. Between 1978 and 1981, average employee wages in Fujian increased by 22 percent. After adjusting for price inflation, the increase is over 10 percent.

The consumption level of urban and rural dwellers has increased. From 1978 to 1981 the total amount of retail sales of social commodities has increased by 61 percent.

Housing conditions have improved. The average per capita living space for households of staff and workers is almost 5 square meters. In the rural areas, the average per capita living space for peasants is now 10 square meters.

The savings of urban and rural dwellers have increased. From 1978 to 1982 the savings of urban and rural dwellers increased by 120 percent.

At the same time, there are still quite a few problems in economic work. Fujian's budget still shows a deficit for 1982; the scale of capital construction is still excessively large; and, while prices are basically stable, there is still some inflation. There are some practical difficulties in the people's livelihood which must be progressively resolved. We should be more concerned about the state and make allowances for our nation's difficulties. In the past 3 years, both the nation and Fujian have made the greatest efforts to improve the people's livelihood. In some ways the people's livelihood has gotten ahead of the development of production: if this continues, the nation will be unable to bear the burden. At the same time, we must remember that these problems and difficulties are temporary. As long as we actively struggle, making our best efforts to develop production and improve economic results, we can certainly overcome these difficulties. We must have a correct understanding of our current economic situation, fortify our confidence, stir up our spirits, and strive to do our work well, so as to make bigger contributions for the construction of the four modernizations.

12187

CSO: 4006/590

GENERAL

SUCCESSFUL IMPLEMENTATION OF ECONOMIC LAW IN HEIBEI REPORTED

Shijiazhuang HEBEI RIBAO in Chinese 1 Sep 82 p 1

[Article: "Heartening Results Achieved in the Economic Law System in Our Province"]

[Text] Heartening results have been achieved in the economic law system in our province since the Third Plenary Session of the 11th Party Central Committee. Up to the end of July this year, the provincial government had promulgated 53 economic laws of various types. The provincial Industrial and Commercial Administration Bureau, which has been fairly successful in economic legislation, has drafted 12 legal documents to be approved by the provincial government, since its inception in 1979. The formulation and promulgation of these economic laws have strongly preserved and stabilized the economic and market orders, combatted economic crimes, and promoted the national economic development.

To further improve economic legislation in our province, the economic departments of the provincial government have since March last year acted in accordance with the spirit of the directives from the central authorities and the arrangements made by the Standing Committee of the Provincial People's Congress in reviewing all the legal documents in use after the founding of the People's Republic. By July this year, 68 commissions, staff offices and bureaus in the province had reviewed 911 legal documents, of which 351 are still valid; 501 are no longer valid; and 59 are partially useful after certain revisions.

The practice of notarizing economic contracts began in our province last year. There are now 139 notary public offices at the municipal and county levels with 180 notaries, 156 legal counsel offices with 156 full-time or part-time lawyers, and 280 persons engaged in legal work. By the end of June, a total of 153,400 economic contracts have been notarized. The notarization of economic contracts has greatly reduced contractual disputes, increased the percentage of contract fulfillments, attacked economic crimes and improved the management of enterprises and the economic results.

9411

CSO: 4006/648



## GENERAL

### TIANJIN TAX BUREAU ISSUES NOTICE ON TAX REGISTRATION

Tianjin TIANJIN RIBAO in Chinese 5 Sep 82 p 2

[Text of Notice No 2-4 (1982) of Tax Administration Dated 1 September 1982  
Issued by Tianjin Municipal Tax Bureau]

[Text] The General Tax Bureau of the Ministry of Finance of the People's Republic of China issued a "Notice Concerning Tax Registration" on 1 September 1982. In Accordance with this "Notice," it is hereby proclaimed that all tax-paying units and individuals in the municipality (including the city proper, the Tanggu, Hangu and Daigang wards, the suburb areas and the counties) must report to the tax bureaus or finance and tax administration offices in the wards or counties with 30 days from the date of the "Notice," and bring with them the relevant certifying documents for tax registration.

Appended hereunder is the "Notice Concerning Tax Registration" issued by the General Tax Bureau of the PRC Ministry of Finance:

Notice Concerning Tax Registration issued by the General Tax Bureau of PRC Ministry of Finance:

To uphold the tax law, to protect legitimate business, to strengthen the control over the levy of tax, and to guarantee state revenues, as approved by the State Council, it has been decided that a nationwide tax registration is to be held. All industrial and commercial units (including state-run and collectively-owned enterprises; same as follows) and individuals engaging in industry and commerce must go through their tax registration and accept the control and supervision of the tax administration organs. The requirements of tax registration are as follows:

1. All units and individuals engaging in industrial production, communications and transportation, construction and installation, commercial business, banking and trust, imports and exports, service trades; and receiving business revenues and other benefits for which tax must be paid according to law (hereinafter referred to as tax-paying units and individuals) should register the opening or closing of their business with their local tax administration organs within 30 days from the opening or closing of business.

All tax-paying units and individuals whose business started before the Notice was issued must without exception go through the procedures of tax registration within 1 month from the date of the Notice even though some of them have already been through this procedure.

2. Tax registration must be handled by the units directly engaging in production and practising independent economic accounting, or directly by other tax-paying units or individuals. The branches, which do not practise independent economic accounting, of trans-provincial, trans-municipal or trans-county organizations, should report to their local tax organs for registration in addition to the comprehensive registration handled by their higher-level organizations which practise independent economic accounting.

3. In applying for tax registration, the tax-paying units and individuals should obtain from their local tax administration organs copies of centrally published "Tax Registration Form," and truthfully fill in the names of the enterprises and their responsible persons, the economic character of the enterprises, the scope of their business activities, their forms of business, and other details. Each form is in triplicate. Two copies are to be handed in to the local tax organ and one copy is to be retained for file.

4. The tax organs should examine and verify the application of the tax-paying units and individuals for tax registration. Later, the municipal or county tax bureau will issue the "Certificate of Tax Registration."

5. Should there be any change, such as the change of the enterprise's name, of its line of production, of the scope of its business or of its address, after tax registration by the tax-paying units or individuals, such changes must be reported to the local tax administration organs within 15 days. In reporting the change, they must bring with them the documents of approval by the departments in charge. In the case of change in the line of business, amalgamation, branching out, or integration, they should apply for a new tax registration.

6. In applying for tax registration in the event of a closure, the tax-paying unit or individual should give a written report on the cause of closure to the local tax organs, together with documents of approval for the end of its business activities and the deletion of the name of the organization. After clearing up the tax matters, they should apply for deregistration at the same tax organ that formerly handled their registration.

7. Should any tax-paying unit or individual fail to handle their tax registration in accordance with the stipulations of this notice, the tax organs can carry out criticism or education, or impose fines not exceeding 5,000 yuan for units, or not exceeding 500 yuan for individuals, according to the seriousness of the offense.

8. The relevant tax laws will apply to joint ventures with Chinese and foreign investment and foreign enterprises in tax registration.

## GENERAL

### ACHIEVEMENTS OF TECHNICAL COOPERATION IN TIANJIN REPORTED

Tianjin TIANJIN RIBAO in Chinese 23 Jul 82 p 1

[Article: "Use Scientific and Technological Achievements To Improve Economic Results; Healthy Development in Technical Cooperation Between Our Municipality and Five Universities"]

[Text] More than 1 year has elapsed since scientific and technological cooperation began between our municipality and the five institutions of higher learning, namely, Qinghua University, Xian Jiaotong University, Zhejiang University, Tianjin University and Nankai University. What is the result of the cooperation so far? Several days ago, our correspondent called at the relevant departments of the municipal planning commission and learned of its healthy development. Thanks to the joint efforts on both sides, three agreements between the municipality and the universities, and 10 others between the bureaus and companies on the one hand and the professional departments of universities on the other have been signed. They have also discussed about 255 projects of cooperative research, and work has already begun after the signing of contracts on 150 of them. The municipality has also obtained the services of 20 advisers. In the past year, these universities have been closely related to the industrial activities of the municipality, and have gradually become the rear base of technical research. On the other hand, our municipal industry has gradually become a base in which teaching, research and production by the universities are undertaken.

In implementing the principle that science and technology should serve economic construction and that science and technology must be relied on in developing the economy, as laid down by the central authorities, many industrial bureaus in the municipalities have carried out technical cooperation with these five institutions of higher learning. Each of these five universities has its own special strong points, and our municipality has worked out long-range plans in using their strong points for the development of our key projects and some projects of a comprehensive nature in a planned and systematic way. It is hoped that a long and steady cooperation can be maintained through the efforts on both sides.

Scientific and technological cooperation has helped to improve production technology and the economic results. The Tianjin Auxiliary Agent Plant previously used alcohol as raw material for making surface active agent. For

many years, it has problems with high alcohol consumption, low productivity and poor quality of the final product. The experts of the chemistry department of Nankai University and the chemical industry department of Tianjin University jointly studied the production technology of this plant, and after comparing it with those being used in the same trade throughout the country, chose the best technology and designed a new corrugated fillings rectifying tower as a replacement for the original floating valve tower. Use of the new technology in production not only raised the output of surface-active agents, but also helped to reduce alcohol consumption by 250 tons, electric consumption by 518,000 kwh, and other expenses in production by 208,000 yuan each year.

Scientific and technological cooperation has solved the key problems in technology and helped to speed up the upgrading of products. A hydraulic press plant in the municipality has taken over several patent rights from an expert in Zhejiang University, and joined the university in studying the trial producing various proportionate control valves. Samples of these valves have already been produced and regular production will begin next year. This will not only enable the hydraulic press trade in our municipality to upgrade its products, and also provide it with hydraulic press parts of reliable precision, high flexibility and long service life. The positive temperature coefficient thermo-sensitive elements studied by the ceramics technology department of Tianjin University, trial produced by No 9 Radio Elements Plant and popularized by the Household Electrical Appliances Research Institute has not only provided new elements for regulating the current and voltage of electrical machines and appliances, but also serve as a substitute for electric filaments in upgrading household electric heating appliances.

Scientific and technological cooperation has increased the technological reserve and developed new products. The compound silicon nitride cutting tools, the result of Qinghua University's successful research, is a new tool with a promising future, since its hardness is second only to diamond and its thermal stability is stronger than that of diamond. Compared with ordinary hard alloy cutting tools, they are 5-7 times sharper, and their service life is 30 times longer. A grinding wheel plant has availed itself of the benefits of this achievement in preparing for the regular production of these tools under the guidance of Qinghua University. Then our municipality's cutting tools will have stronger competitive power.

As a result of the technical cooperation, an advanced design has been adopted for energy conservation. The municipal electric power bureau has made use of the scientific achievements of Xian Communications University's thermoenergy teaching and research section in calculating and analyzing the heating system of 5,000 volt and 10,000 volt thermopower generating units with the equivalent heat reduction method, and carried out the transformation according to the optimization plan for the heating system. When this transformation is accomplished, each 5,000 volt unit will be able to save approximately 7,000 tons of standard coal which is worth more than 200,000 yuan.

The experts and professors invited from the universities to serve as our technical advisers have made many proposals for our industrial development with very good results. After joining our municipal hydraulic press plant as adviser,

Lu Yongxiang [6424 3941 4382] has delivered many lectures and introduced his other research results. He also personally arranged for the 704th Institute of Shanghai to join the municipal hydraulic accory company in studying the application of hydraulic technology. Thus the road of technical cooperation continues to broaden.

Technical cooperation has shown gratifying results. After the transfer of patent rights, the university is responsible for training the technical personnel of the plant until they can completely master the technology. It also undertakes to run short and medium-term training classes for the company or enterprises in training special technicians. On the other hand, the plant cooperating with a university will serve as a practical research unit for the university's graduates or fellows, thus helping to improve the quality of teaching by combining it with the realities in production.

9411

CSO: 4006/648

## GENERAL

### BALANCED EXPANSION OF PRODUCER GOODS, CONSUMER GOODS PRODUCTION DISCUSSED

Taiyuan JINGJI WENTI [ECONOMIC PROBLEMS] in Chinese No 6, 25 June 82 pp 16-20

[Article by Pang Yongjie [1663 3057 5381], Political-Economic Teaching and Research Office, Central Party School: "Coordinating the Expansion of Producer Goods and Consumer Goods Production: A Testative Discussion"]

[Excerpts] In his report on government work at the Fourth Session of the Fifth National People's Congress, Premier Zhao Ziyang listed the 10 main policies for economic construction and stated: "According to the Marxist theory of reproduction, the better the proportionality between output of the means of production and the means of livelihood is coordinated, the faster exchange and turnover will become, so that the development of the entire economic will be accelerated. Maintaining coordinated development of these two categories is our country's long-term policy." Establishing and conscientiously implementing this policy is extremely important for the development of a rational economic structure and for assuring beneficial circulation in the national economy.

#### 1. Accord a High Priority to Developing the Consumer Goods Industries

The question of what place should be assigned to the expansion of consumer goods industries, or in broader terms, to consumer goods production (i.e. production of the means of subsistence) is a major strategic question which is instrumental in determining whether or not the socialist economy's production objectives can be smoothly achieved and whether or not the national economy can function normally.

The relationship between the three main production sectors of the national economy, namely agriculture, light industry and heavy industry, basically reflects the relationship between the two main categories of social reproduction. Only if a specific, proportionate balance is established and maintained between the two main categories can social production function freely and harmoniously. But this balance between the two main categories is expressed in different forms in different societies.

Because the purpose of production under capitalism is to extract excess value, it is necessarily "production for production's sake." In socialist society, based on public ownership of the means of production, the aim of production is to satisfy the people's growing material and cultural needs,

and the means by which this objective is attained is continuous expansion and improvement of production on the basis of advanced technology. Production objectives determine production methods, and production methods serve production objectives; expressed in terms of the balance between the two main categories of social reproduction, this necessarily requires that the production of consumer goods be the point of departure and that the production of producer goods accumulate and expand in accordance with the accumulation and expansion of consumer goods production.

Thus it is apparent that during our country's socialist economic construction process the major role accorded to consumer goods production is determined not by subjective wishes but by the internal relationships of social reproduction and the nature of the socialist economy.

In the last 30-odd years our country's agriculture and light industry have developed slowly, while heavy industry and in particular the industries which serve new construction projects have developed rapidly, a situation which has been quite unsuitable for meeting the need to expand the national economy and improve the people's condition of life. In 1978 the gross output of heavy industry was 90.6 times the 1949 figure, while gross output values for agriculture and light industry were only 2.4 and 19.8 times as great as the 1949 figures. In 1957 agriculture accounted for 43.3 percent of gross industrial and agricultural output, light industry for 31.2 percent and heavy industry for 25.5 percent; in 1978, agriculture's share had dropped to 27.8 percent and light industry's share to 31.1 percent, while heavy industry's share had increased to 41.1 percent. Although the readjustment following the Third Plenary Session of the 11th Central Committee has somewhat improved the situation, the vicious circle in the national economy has not yet been fundamentally set right.

How can the national economy be moved fundamentally from a harmful cycle to a beneficial one? First, the economic structure must be rationalized. The key to rationalizing the economic structure is to accord top priority to consumer goods production. When consumer goods production has been developed it will then be possible to ask such production departments as the mechanical, electrical power, electrical engineering and metallurgical industries to produce more and better manufacturing equipment and starting materials and to ask the energy, transport-communications and building materials industries, which currently have severe output shortages, to develop more rapidly; in short, it will be possible to ask that the production of producer goods develop at a rational, proportionate rate. In this way the interrelationships between the various parts of the national economy, which are now severely out of adjustment, will gradually be restored, production structure and consumption structure will be better interconnected, and as a result the entire national economic structure will become more rational.

It must also be realized that as the economic structure is rationalized and social and economic life is gradually improved, the expansion of manufactured consumer goods production will occupy an increasingly important position in the energetically expanding consumer goods production sphere as a whole. The reasons are as follows.



1. Consumer goods production is the principal source from which the people's steadily growing material and cultural needs are satisfied. Surveys indicate that in the cities, foodstuffs consumption, primarily involving agricultural products, dropped from 58.4 percent of total consumption in 1957 to 56 percent of total consumption in 1980, while in the countryside it dropped from 67.7 percent in 1978 to 63.9 percent in 1979; in the cities, the clothing and daily-use articles consumption, primarily involving manufactured consumer goods, increased from 23.6 percent of total consumption in 1957 to 34.1 percent in 1980, while in the countryside it increased from 19.3 percent in 1978 to 21.4 percent in 1979. Inevitably the consumer goods industry must be greatly expanded in order to adapt to this change in consumption patterns.
2. It is the key link which drives agriculture and heavy industry. Currently about 70 percent of the raw materials for light industry and textiles come from agriculture and 30 percent from heavy industry; in the future, as production is developed and modernized, there will be some increase in the proportion of raw and starting materials provided by heavy industry, but the absolute quantity of materials provided by agriculture will grow even faster and the number of varieties will increase. At the same time, modernization and replacement of equipment in the light industry and textile sectors will also make great demands on heavy industrial production. This makes it clear that energetically developing light industry and textiles will motivate and promote the development of agriculture and heavy industry, while the further development of agriculture and heavy industry will necessitate rapid development of light industry and textiles.
3. It is a key factor in removing currency from circulation and increasing government revenues. Gross output value of light industry and textiles increased by 12 percent from 1980 to 1981, while retail sales of consumer goods increased by 11.5 percent. There was a great increase in the number of all types of manufactured daily-use consumer goods on the market, and the numbers of such durable consumer goods as wristwatches, bicycles, sewing machine, television sets, washing machines and electric fans increased as much as several dozen percent or even several times as production expanded. The net amount of currency withdrawn from circulation in the first half of 1981 was 3.98 billion yuan, 1.54 billion yuan more than the amount withdrawn in 1980, and the highest figure since the state was founded. The net issuance of currency this year was down 36 percent from last year. The expansion of light industry and textiles increased government revenues not only through payments of profits taxes by commerce, but also through direct payment of profits taxes. Statistics indicate that between 1952 and 1979 the amount of taxes on profits paid by the light industry system accounted for 15.4 percent of state financial revenues, equivalent to 44 percent of the total capital construction investment figure in the national budget. Experience has shown that expansion of the consumer goods industry helps to make markets flourish, to stabilize the economy and to produce a fundamental turn for the better in the state financial and economic situation.
4. It is an important way of increasing economic effectiveness. The consumer goods industry requires small investments, has rapid turnover, consumes little energy, yields high profits, provides extensive employment, and earns

large amounts of foreign exchange. Various average economic effectiveness indicators for the last 20-odd years indicate that the profits tax revenue realized per yuan of investment is 1.7 yuan in heavy industry and 13 yuan in light industry, 6.6 times as great; the investment recovery period is 5 years, 7 months for heavy industry and 1 year, 10 months for light industry, 3 years, 9 months shorter. Energy consumption per 10,000 yuan of output value (as standard fuel) is 13.8 tons for heavy industry and 2.6 tons for light industry, 11.2 tons less. The labor force per hundred yuan of fixed capital is 94 persons in heavy industry and 254 persons in light industry, 163 persons more. And of total foreign exchange from export production, heavy industry accounts for 34.6 percent and light industry for 65.4 percent.

Of course the position and effect of light and heavy industry in the national economy cannot be evaluated entirely in terms of economic effectiveness. But considering the overall development of the national economy, according a top position to the consumer products industry is a relatively fast, economically effective new route by which the people can reap greater benefits.

## 2. Correct the Service Orientation of Heavy Industrial Development

What is the service orientation of the development of heavy industry, or, in more general terms, of the development of producer goods production? This is also a major strategic matter which is instrumental in determining whether or not the economic structure is rational and whether or not the national economy is functioning normally.

The historical reality is as follows. Because the two main categories are an abstract theoretical generalization, there can be no real, precise statistical data on them. But if we analyze them in terms of the relative rates of development of heavy and light industry within gross industrial output, we can determine the basic developmental trends of the two major categories. In the historical process of our country's socialist economic development, the development of heavy industry was more rapid than that of light industry during the First Five-Year Plan. During those 5 years the average rate of expansion of heavy industry was 25.4 percent and the average rate of expansion of light industry 12.9 percent; the two industries expanded in a consistent proportion. During the Second Five-Year Plan, heavy industry still expanded at a faster rate, but there were great fluctuations; its highest rate of expansion was 78.8 percent and its lowest was -46.6 percent. The highest rate of expansion for light industry was 23.7 percent and the lowest rate was -21.6 percent. During the 5-year period, the average rate of growth of heavy industry was 6.6 percent and the average rate of growth of light industry 1.1 percent; when the two sectors contracted at the same time, however, light industry contracted slightly faster than heavy industry. In the 3 years' readjustment of 1963-1965, light industry had the faster rate of expansion. During those 3 years light industry expanded at an average rate of 21.2 percent and heavy industry at an average rate of 14.9 percent. But the proportion fluctuated from year to year: in the first of the 3 years, heavy industry was still developing more rapidly (13.8 percent compared with 2.3 percent), so that actually light industry expanded more rapidly than heavy industry in only 2 years. In the 13 years between

the beginning of the Cultural Revolution (1966) and the convening of the Third Plenary Session of the Tenth Central Committee in 1978 there were a few years in which light industry developed more rapidly, but in general heavy industry developed at the faster rate. During the Third Five-Year Plan period, the average rate of growth of heavy industry was 14.7 percent and that of light industry was 8.4 percent; during the Fourth Five-Year Plan Period heavy industry grew at an average rate of 10.2 percent and light industry at an average rate of 7.7 percent; in the 3 years following the smashing of the Gang of Four heavy industry grew by an average rate of 10.1 percent and light industry by an average rate of 9.1 percent. But the fluctuations were still large, and heavy industrial production decreased in 3 years (1967, 1968 and 1975), with the greatest decrease being 20 percent, while light industry also contracted in 2 of these years (1967 and 1968), with the greatest decrease being 7.1 percent. From 1979 to 1981, i.e. the last 3 years, light industry again grew at the faster rate. In the first year of this period light industry grew by 9.6 percent and heavy industry by 7.7 percent; in the second year light industry grew by 18.4 percent and heavy industry by 1.4 percent; in the third year, light industry grew by more than 12 percent and heavy industry by less than 5 percent. Since last September, the rate of growth of heavy industry has gradually been increasing.

Above we have given a preliminary analysis of the comparative rates of growth of light and heavy industry in the past 30 years. This analysis involves two problems: (1) Although light industry produces consumer goods, it also produces producer goods, and heavy industry produces not only producer goods but consumer goods, in addition to which the demarcation of light and heavy industry is not entirely scientific; (2) agriculture as well as light industry is a major producer of consumer goods, and in addition light and heavy industry are not the only social production departments: not only agriculture but transport, communications, telecommunications, commerce and the service industries are in this category. Accordingly the comparative rates of growth of light and heavy industry cannot be equated with the comparative rates of growth of the two major categories. But provided that we admit the existence of these problems and also take account of the fact that currently, in terms of the ultimate uses of heavy industrial and light industrial products, most of the value and utility value of light industrial products are oriented toward agriculture, then a comparison of the rates of growth of light and heavy industry can be an important reflection of the direction of development of the proportionality between the two major categories.

Why is there a rational limit to preferential expansion of consumer goods production? The reason is that ultimately the purpose of according priority to consumer goods production is to meet the need of increasing consumer goods output. Only if this need is met can the development of the two major categories be kept harmonious. But what is the rational limit of preferential development of consumer goods production--or, in other words, is there a numerical limit to the harmonious rates of development of the two categories? Because the economic proportionality of the national economy has long been seriously out of balance, with great fluctuations in growth rates, we still lack reliable data with which to determine the numerical limit following from objective laws on the basis of our own country's practice. But there

is a theoretical numerical limit. In terms of the Marxian theory of reproduction, this limit is as follows: the accumulation of producer goods must be equal in value terms to the sum of the additional production funds and additional consumption funds needed by the first category, while in terms of utility value it must be equal to the sum of the additional producer goods needed by both major categories; the accumulation of consumer goods must be equal in value terms to the sum of the additional consumer goods needed by both major categories. Accordingly, given technical progress, if the preferential expansion of producer goods production meets these numerical limits, the situation is rational, while if it is outside the limits, the situation is irrational and will harm the smooth development of the national economy.

To summarize the foregoing, in national economic development we must maintain harmonious development of producer goods production and consumer goods production. Within harmonious development not only must the development of the consumer goods industry receive a top priority, but heavy industry must turn its service focus towards agriculture and the consumer goods industries and towards technical modernization of the national economy; in addition, given expanding consumer goods production, producer goods production must be given priority in expansion in accordance with technical progress, while within a given period and under particular conditions consumer goods production should increase somewhat faster than producer goods production. These two categories are not opposed, but complementary. Harmonious development of the two categories is an expression of the internal relationships in socialist expanded reproduction, and accordingly is a strategic policy of major importance for our country's socialist modernization and economic construction.

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